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THE REVIEW OF REVIEWS

MAY, 1932

The Progress of the World

By ALBERT SHAW

Weather, and Seasonal Variations THROUGHOUT MOST of the United States the months of December, January and February gave us an extension of Autumn that merged itself into

a precocious Spring, without any Winter at all. Flowers were blooming in scattered localities throughout the far North, and farmers were doing out-of-door work. A sudden freak brought some snow and ice to the upper Adirondacks, just in time to make possible the winter sports that had been planned under international auspices. In parts of the country that had been suffering from drought, there came an abundance of rainfall; but in certain areas farther west drought conditions were unbroken, causing need of Red Cross relief and Congressional aid in the purchase of seed supplies for this year's sowing. In our north temperate zone—however violent the weather changes, and however "unseasonable" for a few weeks at a time -there is seldom a complete failure to sustain seasonal averages. Thus, though Winter was slow in arriving, it claimed March for its own, withering the buds and blossoms of February; and its chill breezes and belated frosts were prevalent through the earlier part of April. In large areas of the South, freezing weather destroyed vegetable crops that were almost ready for northern markets. In other districts, the peach buds were killed. As for the human race, half of the American effort is given to the tasks imposed by variations of climate. The medical profession, moreover, derives half of its support from aid rendered to young and old in the struggle against maladies affected by weather.

FARMING AT BEST is fraught with many The Inevitable hazards. From seed time to harvest Hazards of the anxious farmer watches the Agriculture weather. There are insect pests, and other natural risks besides those of moisture and temperature, that affect the yield of cereals, cotton, fruit, and other agricultural products. In the southern and eastern states-and now also in the older West-crops may be scanty because the farmers cannot afford to buy fertilizers. But if they maintain the fertility of the soil, and if favoring rains and sunshine bring good crops, they find themselves confronted with the terrible problem of prices and markets. Farm products as a whole are selling for less than a year ago. When the new wheat crop enters the market in August, prices may indeed be somewhat higher than those of the corresponding months of 1931. But it is not expected that they will be high enough to meet the average cost of production. A considerable fraction of last year's wheat crop was converted into feed for farm animals; but live-stock prices have declined to such levels as to have made the feeding of cattle and hogs disastrous for millions of farmers.

Why Farmers Cannot Now Coöperate Under such conditions why does agriculture not go on a strike? Why should there be overproduction of cotton, wheat, corn and dairy products?

The answer is found in our system of independent farm units. Acreage cannot be effectively reduced without such conditions of cooperation, and such systematic acceptance of a general program, as are not now existent anywhere in the United States. But why cannot farmers reduce cotton or wheat acreage on a pro rata basis, by states and counties, the plan to be worked out in detail by representative committees? The answer is not be found in the unwarranted assertion that farmers are so lacking in public spirit and in neighborly good will that they refuse to cooperate for the common good. The answer lies in the fact that almost every individual farmer is confronted by emergencies and predicaments. He cannot pause to concern himself with theories or programs. There is for him no real help in sight beyond the efforts of himself and his family. But of what nature are his emergencies and predicaments? The answer can be given in the two words, debts and taxes. It could, of course, all be summed up in the one word debts; since taxes also are merely a form of debt burden from which the harassed land owner has no escape. He must pay or lose his home and his farm.

For THIS TAX BURDEN there is no remedy except a better tax system, along with a sweeping reduction in the costs of local government. This is an issue that must be fought out, state by state, and county by county. Last month we published an article on the evils of our real-estate tax system by an eminent authority, Dr. T. S. Adams of Yale University. Every

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farmer and home-owner in the United States should demand the reform of this obsolete tax system. We shall revert frequently in future issues to the vital subject of local taxation. But most farmers have other debts of one kind or another besides taxes. There are millions whose lands and chattels are mortgaged. A large proportion of the mortgages have been renewed more than once. As a rule, such obligations date back to a period of relatively high prices. A few years ago, local banks, mortgage companies, and loan agents fairly besieged the farmers to build new barns, buy more land, improve their live stock, invest in tractors and modern machinery, and accept loans on mortgage at high rates of interest. A sound and coördinated national credit system would have supported these local banks in extending farm loans at greatly reduced rates of interest. But while many billions of bank credit were being used to stimulate frenzied speculation on the stock exchanges and in the commodity markets, the farm situation was going from bad to worse, and local banks were beginning to fail by the thousands. What financier, arriving from Mars, and scanning conditions with an impartial eye from Japan to Turkey and from Rumania and Patagonia to Saskatchewan, could have failed to say that our American system of credit, banking and currency was in fact the very worst on this so-called planet?

More Dollars Needed, to Pay Debts

WE HAVE BEEN reading much about so-called "farm credits" in connection with recent measures at Washington for the relief of business. These be-

lated steps are useful, and will help. But it should be clearly understood that the millions provided by Congress do not pay off the farmers' loans. They merely aid the local banks and other loaning agencies in extending loans, and in avoiding the necessity of wholesale foreclosures. This, of course, is good, as far as it goes. The local banks do not desire to be loaded up with unsalable farms; while, in turn, the farmers' families shudder at the thought of losing their homes and their familiar possessions. They all work desperately to pay the mortgage interest. But all the "farm relief" that we are reading about does not emancipate the farmer from any part of his burden of indebtedness. It does not reduce his obligations, in proportion to his ability to pay. Nothing can relieve him except higher prices for what he has to sell. Many western farmers incurred their present mortgage debts at a time when they were getting two dollars a bushel for wheat, and excellent prices for cattle and hogs.

How Shrunken Prices Affect the Farmer

If a farmer's interest, taxes and other fixed obligations have required regular payments of \$1000 a year, they could be met a dozen years ago by

selling 500 bushels of wheat, whereas during the past year the farmer would have had to sell from 2000 to 4000 bushels of wheat, or other products on a similar scale, in order to meet these unshrinking obligations of \$1000 per annum. Under such conditions, with ruin staring him in the face, the individual farmer cannot bother with theories about the relation of overproduction to market prices. What he sees clearly is the

obvious fact that he has to pay a fixed number of dollars, and that low prices compel him to sell increased quantities. If he had no other debts, and if his tax burden bore a decent relation to his actual net income. he could readily engage in coöperative movements for helping to stabilize prices and to make the desired adjustments between demand and supply.

DOUBTLESS IT IS TRUE that the tremen-Other Classes dous energy with which the American Also Carry people during and after the war stim-Loads of Debt ulated mass production of all kinds resulted in vast outputs that for a time ignored the dangers of receding demand, especially for export, But the thing that really concerns us now is the fact that our period of expansion was attended by unprecedented borrowing, and by universal advances in the habitual cost of living. Wage scales were the highest in all the course of economic history; and the wage earners, like the farmers, spent and invested as never before. Many of them-if not most of thembought housing property, or automobiles, or shares of stock on the instalment plan at high current prices. They found themselves involved in debt when prices dropped and when wage earnings began to decline, with many industries shutting down and with unemployment widespread. What they face is debts in terms of dollars, at a time when their services and their assets fail to command dollars on price scales prevalent when the debts were incurred. Such a situ-

ation tends to grow worse, not better, if unrelieved.

Bold Relief for a Serious Emergency

FIRE INSURANCE, and proper construction to diminish the dangers of fire, are subjects always worthy of attention. But in an actual conflagration,

the important thing is to put out the fire. Our present economic situation is, of course, more or less affected by tariff policies, banking laws, public extravagance, misgovernment, and many other defects in our social, political and business life. The immediate trouble, upon which attention should be concentrated. is the difficulty of obtaining dollars, with which to meet fixed obligations. There is no general remedy for the recovery of agriculture except an advance in prices-not for the sake of better standards of living or for the maintenance of what we call our "rural civilization," but to help individual farmers escape from imminent mortgage foreclosures and sheriffs' The low prices of commodities have been aggravated by the decline of demand in cities and industrial communities, because of the reduced income of consumers. Thus the purchasing power of the dollar has greatly increased, as regards ordinary necessities. Such a situation requires leadership as open to conviction as that which has relieved the British crisis.

Sacrifice of Property for Debts

EVEN MORE SERIOUS than the cheapening of food and clothing has been the total failure of our credit system to support property values, in the frantic competition of property of all kinds as it is now

thrown upon the market. We have been engaged in a suicidal scramble for the acquisition of dollars. It all HOUSE LEADERS WHO PREFERRED A SALES TAX

These three members of the Ways and Means Committee worked unavailingly for the

adoption of a manufacturer's sales tax as a means of raising a billion dollars in new revenue. Left to right they are: Henry T. Rainey of Illinois, Charles R. Crisp of Georgia, and Willis C. Hawley of Oregon. Mr. Hawley is a Republican; the others are Democrats.

disheartening April in our annals.

Rewards of

British

Courage

Joint-Stock Land banks, and a few Emergency Credit

corporations, exercising functions partially of a bank-

ing nature. Across the border in Canada banks do not

fail; and credit is extended, although commodity

prices are low. At this moment, Senator Glass pushes

some kind of a new Federal Reserve Bank bill that in-

creases the terror of people who watch the sinking of

market prices under the daily convulsions of the most

and uncertainty. Democracy everywhere in 1932 is

under the strain of exceptional tests. In Germany,

however, and especially in England, we have had re-

IT HAPPENS THAT this year of the most

baffling and stubborn business and

financial paralysis of all time, coin-

cides with a year of political turmoil

cent evidence of moral and intellec-

tual capacity that promises fairly

well for the future. The British

people have submerged partisan-

ship at the behest of leaders who

are working together, minimizing

differences and standing shoulder

to shoulder for the common good.

The Conservatives have a large ma-

jority in Parliament, but they sup-

port a national cabinet that is

headed by Ramsay MacDonald,

and that includes several brilliant statesmen of the Liberal party. A year or more ago it was said by many people even in England that the British Empire was on the rocks, and that Great Britain herself was hopelessly adrift. But courage, character and unselfish devotion are changing the situation with amazing speed; and our British friends have recovered their

hopefulness and are at work with

renewed determination to solve their public and private problems.

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reduces itself to the desperate need

of money with which to pay debts.

City and suburban real estate

which cannot be sold or rented still

has to pay taxes with no rebates,

and interest on mortgages without

relief or delay. Losses have been almost incalculable. The savings of millions of people had been in-

vested in stocks and bonds, at

prices bearing some relation to the

sums of money actually invested in

railroads and industrial corpora-

tions. These investments were, in

the main, justifiable under condi-

tions of reasonable prosperity. But

in hundreds of thousands of cases,

securities of this kind have been

pledged as collateral to protect

bank loans; and such collateral

(including shares of stock in the

best railroads and industrial enterprises) has shrunk

in the market to less than one-tenth of its normal

valuation. This situation had imperiled the solvency

not only of the private investor but also that of many

great corporate enterprises, including railroads, indus-

trial corporations and public utilities. The banks

could furnish no relief, because they themselves had

become so frightened that they had dug cyclone cel-

lars for their officers underneath their steel vaults.

Bankers as individuals were not to be blamed; although bankers as a professional body ought, before

this time, to have found a remedy for our patch-work

system of independent banks, including several varie-

ties of State banks, a system of National banks, a

series of Federal Reserve banks, a certain number of

Federal Land banks, a little-known system of so-called

Intermediate banks, a more or less dubious system of

SENATE LEADERS WHO SEEK NEW BANKING LAWS

Standing is John G. Townsend, Jr., of Delaware. In the center is Carter Glass of Virginia. At the right is Peter Norbeck of South Dakota, chairman of the Senate Banking

and Currency Committee. Senator Glass is a Democrat; the others are Republican.

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It was an unprecedented experiment, to hold a non-partisan election in peace time; but it succeeded. Again, it looked like a sacrifice of banking and financial prestige to abandon the gold standard; but the courage to take that step has been rewarded. The budget is balanced; domestic and foreign trade is improving; unemployment is somewhat reduced; the tariff expedient can be tried without fatal consequences. Thus united counsels are saving Britain.

The Trade Conference at Ottawa In July, representatives of the countries that are grouped as members of the so-called British Commonwealth of Nations will meet in conference at

Ottawa, the capital city of our Canadian neighbors. They will not be concerned greatly about questions of imperial politics. Every country nowadays has all the autonomy that it can use to advantage. There is no pretense of compulsion that holds together the members of this British Commonwealth. But there is much cohesive power in sentiment and tradition. Canadians and Australians would not use the name "British" if they did not like it. If the Prince of Wales, on succeeding his father, should choose to make his principal residence at Ottawa, and should prefer to call Great Britain a part of the Canadian Commonwealth of Nations, it is hard to see what legal or political obstacles would stand in the way. The conference at Ottawa will deal principally with questions of reciprocal trade. With its immense manufacturing facilities, and its unrivalled merchant marine, Great Britain is trying to improve and stabilize her external trade, and to find countries with which she can be assured of commercial coöperation on terms of mutual advantage. Canada, Australia, South Africa, New Zealand-all are examples of countries that have evolved from the colonial status to that of full political independence. They are not under the slightest obligation, much less compulsion, to favor Great Britain as against the United States in their tariff and trade arrangements. Imperial traditions have some influence, but in the trade arrangements that will be studied at Ottawa it will be freely admitted by everybody that "business is business," and that markets do not go by favor. We should observe very closely, and in the most friendly spirit, all that is said and done at Ottawa. Why should not the areas of cooperation be extended? Why should not the United States, and various other countries, at once join this "Commonwealth of Nations" in plans to improve trade?

Present
Leadership
to Be Sustained

OUR FIRST BUSINESS, of course, is to improve our own domestic financial situation. There is little use to talk about tariffs and foreign markets until

we have balanced the budget, made our banks as safe as those of other countries, brought hoarding to an end, and sent men of the highest courage and intelligence to fill seats in both houses of Congress. Until some of these immediate problems are dealt with, we should not expect that wise and broad principles could be applied to the treatment of our tariff schedules, and the development of our foreign commerce. It would not be so hard to remedy our conditions at home if we

could bring to bear upon them all that is sound and sincere in our national character. We should have courage enough to rebuke the shallow politicians who are seeking to advance their own interests in times like these. When we have chosen men to be leaders for a term of years, we are merely fools if we try to keep their leadership from achieving useful objects. No man is capable of being a leader himself until he has learned to keep step with those already in command. This is not to say that men capable of thinking and seeing should cease to think, or should follow blindly. Certainly these are times that call for original and profound thinking, and for courage in the expression of opinions. But also these are times for the unmasking of humbugs and demagogues, and the encouragement of honest and capable leaders.

REGARDLESS OF THE presidential elec-Mr. Hoover tion that still lies six months ahead Steadily at (counting from the first week of Work on the Job May), Herbert Hoover will remain for ten months (until March 4) at the center of our most vital public activities and relationships. These ten months to come have an almost life-and-death importance for countless millions of American men, women and children. Fools will grumble about the President, and contribute what they can to the general confusion. But sensible people will ordinarily forget the words Republican and Democrat—which are wholly without meaning in these times—and will urge their representatives in Congress to work with the President to secure remedial measures with the least possible delay. "Working with the President," as we are using that term, does not mean the unquestioned acceptance of any opinion or policy whatsoever. Mr. Hoover has been seeking in every possible way to promote the welfare of the country. His mind is constructive, and he is always considering plans and programs. But he has shown no disposition to seize the reins as a dictator, and he does not try to wave the magic wand of a Napoleon. He treats Congress as an equally responsible branch of our constitutional government. He does not think of taxes as Republican or Democratic, any more than he thinks of interest payments on the public debt as a partisan affair. He will coöperate with Congress to the utmost in reducing the cost of Government and in providing new ways to raise the money necessary to balance the budget.

Congress in Sudden Rebellion THESE ARE MATTERS that require immediate attention, and Mr. Hoover is the man on the job. He is in a position to command the best advice of

tion to command the best advice of economists and publicists, and he is aware that the committees of Congress also are in like position. Those of us who are able, by the grace of God, even in trying times to listen to the still small voice of Common Sense, will do our part to maintain a steady current of sane public opinion flowing toward Washington. We will encourage the President and the Cabinet not to be rigid or stand-offish, or unduly orthodox in adherence to crystallized formulas, whether of policy or of opinion. On the other hand, we will encourage Congressmen to believe that the way to bring real honor



SECRETARY MILLS GIVES THE SENATE'S FINANCE COMMITTEE HIS VIEWS ON SOURCES OF TAXATION

and credit upon the names of their respective parties is to rise above partisanship and to act like statesmen. Last month in these pages we expressed approval of the spirit and the results of the cooperation that had been shown between the Republican Administration and the Democratic House, during the first three months of the present session. After our April issue had gone to press, a new turn of affairs at Washington seemed to mark the end of reasonableness and discipline in the House. A tax bill had been reported from the Ways and Means Committee, with the full approval of the leaders of both parties. The object of the bill was to secure enough additional revenue to balance the budget in the next fiscal year. The President and the Secretary of the Treasury declared themselves ready to accept this measure, although it differed greatly from the tax bill that had been previously devised by the Treasury experts and offered suggestively to the Ways and Means Committee. The country applauded this showing of non-partisan harmony; but the rank and file of Congress raised a storm of dissent, and the tax bill was a stranded wreck.

Was Soon on manufactures. Congressmen on Restored both sides of the House refused to follow their leaders, as regards this new project, which was expected to yield a revenue of \$600,000,000. So the excise on industrial products was repudiated, by decisive majorities. For a few days chaos reigned, with regular leadership defied, and with self-appointed mob leaders assuming control. Speaker Garner, Mr. Crisp of the Ways and Means Committee, and Mr. Rainey as Floor Leader had lost authority with the Democratic majority that had given them official rank. Mr. Snell, Mr. Hawley, and the Republican chiefs were equally helpless in attempts to lead their own side of the House. For the moment Congress had become weary of order, efficiency and good parliamentary

conduct. But the rebellion was short-lived, and it

spent itself the more readily because it met with no

THE BILL OF THE Ways and Means

Committee had included a general tax

angry or stubborn resistance. After all, Congress was its own master. To scold it would have been both obtuse and futile. In due time Speaker Garner took the floor, mildly admonished the strikers, and accepted defeat of the bill, while begging both sides to realize that the budget must be balanced one way if not another. Whereupon everybody settled down to mend the mischief. Good temper and the reasonable spirit again prevailed. To replace the general manufacturers tax, a number of special taxes (some of them involving a more or less similar principle) were adopted one after another.

The Senate Delays the Tax Bill It was on Tuesday, March 29, that Speaker Garner took the floor and made his plea to members of both parties for a balanced budget. On Fri-

day, April 1, a tax bill estimated to produce \$1,000,-000,000 of supplementary revenue passed the House by a vote of 327 to 64. As our readers should not forget, the present House is almost exactly divided in its membership between the Democrats and the Republicans. The vote supporting the bill was similarly divided between the two parties. The definite object was to raise enough revenue to meet necessary expenses for the fiscal year that begins with July. In many details the bill was imperfect; yet President Hoover and Secretary Mills were not grudging in their congratulations of the House upon its prompt action. Mr. Smoot, as chairman of the Finance Committee of the Senate, began hearings at once, with Secretary Mills as the first witness called upon to analyze and criticize the House bill. Several weeks will presumably have been taken up by the Senate before the bill goes to conference committee. The outcome will not be ideal in all respects. But the country must, in times of peace, pay the costs of government; and the most important thing now is to maintain the national credit. It is expected that Finance Committee hearings will occupy two or three weeks, and that there will be several weeks of debate after the Committee presents its report. What the House was able to accomplish in two

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days will almost certainly take sixty days in the Senate. Great Britain, France, Germany or Italy, in emergencies like those that we now face, have governments that can proclaim a tax bill inside of twenty-four hours. A like achievement in our Congress seldom takes less than six months. The Treasury and our tax committees of both houses were at work on measures to balance the budget long before Congress met in the first week of December. Once again the stumbling block in the dilatory Senate.

WE ARE PUBLISHING an article by Mr. Public Costs Revere that deals with the increased Must Be costs of government in contrast with Reduced the shrinking of public revenues and private incomes. Several weeks ago President Hoover asked Congress to give him authority over initial problems of rearrangement and reform, in the administrative tangle of overlapping bureaus, boards and commissions. Repeatedly as Cabinet officer and President Mr. Hoover has asked Congress to deal with this situation. Congress has failed to act because of the resistance of scores of thousands of federal officeholders. But the demand for economy can no longer go unheeded. The Administration had already reduced budget estimates by several hundred thousand dollars, and the President was ready to go much farther in economy at the very moment when Congress made necessary changes in existing laws. As a starting point the President was entirely willing to give up the whole of his own salary. Before the middle of April the Administration and the Special House Committee on Economy were working together in a non-partisan spirit. Mr. Revere's article deals with state and municipal costs, as well as with federal. Not only in our great cities but in thousands of smaller places there should be non-partisan citizens' committees to deal with retrenchment and reform in local government.

If New York and Chicago may be Cincinnati regarded as the world's most shocking and Virginia examples of municipal extravagance as Examples and waste, it is well worth while to know that our country affords bright examples of municipal efficiency and sound financial management in the government of our states. Among our large cities, Cincinnati is an outstanding example of honest and efficient administration, with reduced taxes, without impairment of public services. The Mayor of Cincinnati, Hon. Russell Wilson, tells our readers in the present issue what good government means to the people of Cincinnati, how they got it, and how they maintain it. In New York, Judge Seabury has had to expose before he could propose. His disclosures must convince every honest taxpayer that drastic reforms are needed. New York could have better public services, and save scores of millions of dollars annually, if the Cincinnati plan were adopted and were put in force under honest leadership. In his notable article on the Chicago tax muddle, which appeared in our issue for March, Mr. Dyche referred to Virginia as affording a notable example of thrifty and well-managed state government. In our next number we promise our readers a succinct statement of methods and results as

worked out under the leadership of Governors Byrd and Pollard, with the cordial support of the Virginia legislature. The country is not without leaders in the field of county and local reform. We shall report upon a Virginia commission that has been dealing with that subject with marked success. Efforts in the state of New York also are worthy of note. In Illinois, one of America's most eminent statesmen—always devoted unselfishly to the general welfare—has been giving protracted attention to questions of township and county administration. We refer to no less a figure than former Governor Frank O. Lowden—scholar, lawyer, publicist, farmer, and all-around good citizen.

A NEW ISSUE made its appearance at Cash for Washington early in April, that caused the Bonus anxiety among thoughtful people Is Demanded everywhere in the country. This was the demand for immediate payment of the so-called bonus certificates due in 1945. Their face value is set down at \$3.638,620,000. Loans have been already advanced on these certificates to about one-third of their face amount. Immediate redemption would, therefore. call for \$2,400,000,000 in round figures. Among Veterans of Foreign Wars and in certain other quarters there had been agitation for such payment, but it had not been supposed that Congress would give the proposal serious attention. Before the budget can be balanced, the excess of current expenditures over revenues will have added something like three billions to the public debt within a period of about two years. Every day Uncle Sam is spending five or six million dollars more than his income. A bonus loan could not now be floated without great further shock to our already quaking situation. But on the part of many advocates of this scheme, the motive is not so much to help veterans as to advance prices by some form of direct currency inflation. Representative Patman of Texas would pay off the bonus certificates with a direct issue of currency. It would be merely a matter of setting in motion the presses at the Bureau of Engraving and Printing. Getting all this new money into circulation would, in the opinion of Mr. Patman and his followers, help decisively to relieve the terrific pressure for dollars upon which we have been commenting in our preceding paragraphs. We are confident that Mr. Patman's views will be regarded as fallacious in both houses of Congress. Certainly if such a project reached the White House it would be vetoed, and the veto would be sustained.

Deflation
Worse than Inflation

But our conservative financiers should not be unduly indignant at the followers of Mr. Patman. They themselves have utterly failed to make the dollar behave in a reasonable and consistent way. Professor Irving Fisher's remedies may not be wholly acceptable, but his diagnosis is not to be rejected. A unified banking system, and a more far-seeing policy on the part of the Federal Reserve authorities could have saved us from the evils of extreme inflation, and could also have saved us from the worse horrors of a shamefully unchecked deflation. Banks are chartered by the federal government and by the states. Official

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bank inspection gives to the ordinary depositor a moral guaranty of solvency and safety. Bank failures such as we have witnessed can but imply a rotten system that is a disgrace alike to the nation and to the states. We ought to have a banking system that would justify the full guaranty of all deposits. Money placed in banks that are chartered and inspected by government authority should be as safe as money deposited in the Postal Savings Bank system. Mr. Patman might truthfully argue that the volume of his proposed inflation would not equal in amount the volume of currency and liquid assets hidden by frightened citizens under mattresses or in safe-deposit boxes, and hoarded by banks that are afraid to exercise their normal functions. Until our financiers, whether holding national and state offices or engaged in banking and similar pursuits, will concentrate on this one problem and solve it, they may expect increasing support for palliatives such as are proposed by Congressmen from the Southwest. There is much more excuse for greenback inflation today than there was for the free-silver delusion that took possession of the Democratic party in 1896, and threatened to sweep the country in the Bryan-McKinley campaign.

The Optimism of Brains and Character

THE UNITED STATES of America will not—ultimately—go to the dogs. But the mere expression of cheerful optimism, while we do not use our brains

to solve our immediate problems, will not save millions of our fellow-citizens from misery and financial ruin, while we are allowing the country to drift along until it can drift no further. Must we grin and bear, and give thanks for the sweet uses of adversity, while we wait to see another set of individuals build up a new era of prosperity on the needless wreckage of the fortunes of their predecessors? Is it not true that everything in the situation resolves itself into a question of intellectual force and moral fibre? In short, should we not now place in the balance, for a testing and a final verdict, the brain power and the essential character of those who hold or seek positions of leadership, whether in business or in government? We are publishing in this number two articles that coincide in placing emphasis upon this idea that the moral quality of leadership is the fundamental thing now at stake. Irving Bacheller—who is at once humorist, moralist, novelist, biographer, historian and practical man of affairs-looks on at our American turmoil with a somewhat detached perspective from his home at Winter Park, Florida. He writes about some aspects of our modes of life and expression. Without even a passing frown on his serene countenance, Mr.- Bacheller tells us we are disporting ourselves in an "Idiotic Era." He thinks that our leaders would do well to reëstablish confidence both in themselves and in the state of our affairs. He seems to hint that certain people should come out of their cyclone cellars and face the storm. Mr. Roger W. Babson, who leads an out-of-door life in Florida for several months of the year, sets store by deliberate thinking for the sake of wise decisions. To think carefully, to decide wisely, and to lead unswervingly along lines determined upon, is Mr. Babson's rule of life. He holds that truth must prevail.

"Masters of Chaos" Must Have Support

Mr. Bacheller has published a new book called "Master of Chaos," a bit of historical fiction in which George Washington is portraved during the

difficult stages of the Revolution. This national hero, the bicentennial of whose birth we are continuing to celebrate throughout the year, proved himself indeed to be a master of chaotic conditions. But his leadership was supported and sustained through evil as well as good report by those who had recognized his character and capacity, and had placed him in command. If he could be with us now and survey our marvelous achievements and take note of our temporary difficulties, what would he advise us to do? After listening patiently, and observing conditions for himself, is it not altogether likely that Washington would tell us to stand by the President, and to discover how safely and certainly the man on the job could lead us to gradual recovery of equilibrium if he were reasonably helped, advised and supported? No one has questioned Mr. Hoover's intellectual power, his devotion to duty, his untiring concentration upon one public question after another, and the firmness of his moral fibre under every test. Make a list of the leading men who supported and helped Washington in one crisis after another from 1775 until his retirement in 1797. Make a list of the men whose united counsel should help Hoover to triumph over the present crisis.

Practical Steps That Must Be Taken

WHAT HAVE WE, as citizens, a right to expect and to demand? First, a prompt completion of tax bills to bal-

ance the federal budget. Simultaneously, retrenchment and economy in all public expenditures-national, state and local-and the reform of local taxation. Also, the suppression of blatant partisanship, in spite of all the temptations of an election year. In November we have to elect a President who will serve until March 4, 1937. Let Democrats see that success in the scramble for nominations may be gained at the cost of failure in the election test. Mr. Hoover will be nominated by the Republicans; but he will be too busy with his non-partisan duties for the good of the country to give much time or attention to the attacks of his political opponents. The country is already scrutinizing carefully the public utterances of Democrats who are competing for the nomination. Governor Roosevelt, Senator Barclay, Chairman Shouse—these and other appointed spokesmen will do well to avoid loose and cheap party utterances, because the people of the United States have no wish for an old-fashioned campaign of fault-finding and misrepresentation. Voters will act as they please at the polls in November; but meanwhile the country is in no mood for party harangues. Germany has won the world's confidence and approval by reëlecting President Hindenburg. A non-partisan government in England rallies around Ramsay MacDonald and Mr. Baldwin. Many thousands of nominal Democrats will have to be impelled by something more than the names "Democrat" and "Republican" when they go to the polls this year. They will vote for Hoover, unless they see clear gain to the country in voting for his opponent. Statesmanship will beat the mere party game.



TWIN GEMS OF AMERICAN ARCHITECTURE RECENTLY COMPLETED IN FLORIDA
The Annie Russell Theater (left), gift of Mrs. Edward W. Bok, is connected by an arcade
with the Knowles Memorial Chapel, gift of Mrs. Warren of Boston. Both buildings are
adjuncts of Rollins College at Winter Park.

Transportation, After Money and Tax Issues

THE COMPLICATED SUBJECTS of banking and credit, money and prices, should be brought to a focus and given bold and fundamental treat-

ment. The perspectives of a few foreign experts would be of assistance to an American commission of which Mr. Young and Mr. Dawes should be members, along with Secretary Mills, Mr. Eugene Meyer of the Federal Reserve Board, Senators Glass and Walcott, Mr. Melvin Traylor, Governor Lowden and a few others. The questions of taxation and public expenditure are less in need of experts. What they demand is an aroused public opinion that will toss overboard the Jonahs of our place-holding bureaucracies, and reduce the cost of government by 50 per cent., all the way from each county Court House to the national Capitol. A stupendous problem that requires imagination as well as statesmanship is the attitude that government should assume toward transportation. Our modes of regulation are forty years behind the facts. We call the attention of readers particularly to Mr. Barrows'

article in our present number on "Motor Transport," and the use of the public highways by commercial vehicles. Sir Josiah Stamp, who is manager of a British railway system, and the most eminent of practical financiers, sees the transportation problem in its entirety. He brings the British buses and trucks into effective coöperation with railway handling of passengers and freight. General Atterbury, head of the Pennsylvania Railroad, is working out a similar policy, under the same broad conception of the relationships of transportation and public convenience. A first step must be to remove the shackles that cripple railroads, and to restore their freedom to handle their

own affairs. Washington is considering some changes in the confiscatory features of the present railway laws, but there is no clear sign that Congress recognizes the transportation problem as a whole.

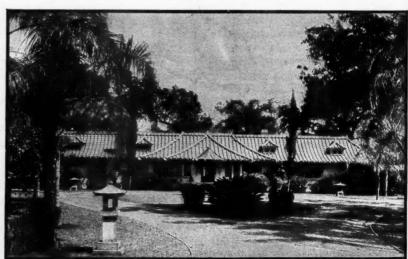
Highways and Rural Progress THE FEDERAL government has made a large investment in the highway sys-

tems of the states, and the use of highways for interstate traffic should be treated as a national issue. Some hundreds of thousands of miles of modern roads, largely constructed with hard paved surfaces, have wrought a magical change in the face of the country. City dwellers move out into ever expanding zones, and all that is now needed to usher in a period of

transforming advancement in the beauty and charm as well as the practical advantages of rural life, is a turn in the wheel of fortune, by means of which products may be exchanged on profitable terms. Everywhere one finds the spread of a new gospel of beauty and progress. Hard times have this year diminished the volume of vacation travel; yet buoyant faith is shown in the future of our great recreation areas. Florida and California hold what they gained in boom periods, and continue steadily to improve their roads, gardens, private estates, hotel facilities, and provisions of all kinds for the health and pleasure of visitors. In like manner, New England, New York and other highland and forest regions of the North and West are constantly adding to the resources that attract visitors.

Everglades and the Public Domain We have reached a point where it seems incredible that we should relinquish our hold upon all the progress we have achieved, merely because we

will not sufficiently exert ourselves to shake off the



IRVING BACHELLER'S HOME AT WINTER PARK, FLORIDA In a beautiful environment of lakes, groves, homes and gardens.

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grip of ruinous misgovernment. We can, if we will, give ourselves the benefits of a governmental system that ceases to meddle, regulate and interfere, while doing the few things well that government is capable of doing for the common good. One of those things is the wise treatment of the public domain. Our systems of national parks and state and national forests give us present enjoyment, and protect for future generations these valuable public assets at slight expense. Two months ago we published articles on the plans for preserving the Florida Everglades, with their unique wealth of sub-tropical features, for a national park through joint action of the state and national governments. The bill that was duly passed by the Senate met with unexpected delay in the House. To create this park is to take a constructive step, showing faith in our future, without adding anything appreciable to governmental expenditures. New York is boldly extending its Adirondack park and forest reserves. The recent creation of mountain forest park reserves in Virginia, North Carolina and Tennessee should be followed by the adoption of the Everglades project. We shall return to this subject in an early number.

Geneva, and for European the Situations

On April 9 Secretary Stimson sailed for Europe to join our delegation at the Geneva Disarmament Conference. The Americans have been urging the

Conference not to break up without accomplishing at least something. We have proposed the abolition of gas, heavy mobile guns, and some other new offensive weapons in land warfare. Tinkering with weapons will not, of course, have much bearing on the deeper problems of war and peace. But for certain countries such proposals have a practical bearing. We are publishing elsewhere a page on the final results of Germany's presidential election. The choice of Hindenburg over Hitler testifies to the capacity of the German people to act wisely and patiently under stress and strain. France has a general parliamentary election on May 1. It has seemed likely that the results would be favorable to liberal policies of European conciliation. We fuss at Washington for a year and a half over a tariff bill, meanwhile driving importers and exporters to distraction through uncertainty. England can make and unmake tariffs on an hour's notice.

China, and Trans-Pacific News Notes TROUBLES ARE NOT ended in India, where England's interest is commercial and virtually nothing else. Our Congress is deciding upon withdrawal

from the Philippines after a few years of illogical delay. We should either quit or remain. Meanwhile, we should strip bare the truth about sugar imports and prices, and put money in our own pockets by helping Cuba as well as Porto Rico, rather than foreign interests across the Pacific. Japan has steadily strengthened her position in Manchuria, and seems about ready to withdraw from Shanghai. China will remain in a helpless position until she chooses to unite her Nanking and Canton factions, and look out for herself. The League of Nations is entitled to more praise than blame for its efforts to prevent a great war in the Far East. A Japanese election has shown that



© Van Natta Studio
THE "SINGING TOWER" BUILT BY MR. BOK

A notable contribution to the scenic beauty of Florida (see p. 24).

public opinion supports the war department in its Manchurian and Shanghai policies.

Other Foreign Items EASTERN EUROPE seems to be suffering the worst financial and agricultural slump since the Middle Ages. The Western European powers cannot

reach agreement upon any plan to relieve the countries of the Danubian and Balkan regions. Mussolini rules Italy with unshaken authority. The Spanish Republic is completing its first year with good prospects. Stalin in the pursuit of his great program keeps changing both his theories and his practices; but the vast Russian congeries of Soviet republics is not as yet enjoying the use of Russian-built Ford automobiles. The simpler problem of supplying the Russian people with food and clothing has not yet been solved to the general satisfaction.

World News and Our Own Nerve Centers A PART OF THE MENTAL burden that we are all carrying about with us is due to the amazing perfection of those news services that keep us aware (for

instance) of the present troubles in New South Wales; the recent outbreak of mob violence in Newfoundland; the political disturbances in Chile and Ecuador—and countless other happenings of a disastrous or tragic kind in every part of the world. Communication has developed in such a way as to make each of us a part of a new kind of social organism. General John J. Carty, who is at once engineer, scientist and philosopher, entertains this idea clearly, and will write about it for our readers in the early future.

HISTORY in the Making

From March 10 to April 12

To Balance the Budget

A sales tax? . . . No! . . . The government needs money . . . To the Senate.

C HARLES R. CRISP, acting chairman of the House Ways and Means Committee, starts the new tax bill through the House (March 10). The bill, designed to meet the deficit for the 1933 fiscal year, in its present form is expected to raise \$1,096,000,000. Its main proposal is the 2.25 manufacturers' sales tax.

Opposition to the sales tax provision of the tax bill crystallizes as Representatives Doughton (Democrat, North Carolina) and LaGuardia (Republican, New York) meet (March 16) with a group of insurgents, the "Allied Progressives." They discuss plans for defeating the tax.

THE House adopts an amendment to apply war-time surtax rates on incomes in all brackets (March 18).

INCOME TAX rates up to 45 per cent. on estates of more than \$10,000,000 are adopted by the House (March 22) in spite of the Ways and Means Committee's attempt to appease opponents of the sales tax by exempting (March 21) articles classed as necessities.

THE HOUSE (March 24) defeats the sales tax by a vote of 223 to 153. As the bill now stands, the total revenue produced falls \$563,500,000 short of balancing the budget.

An Attempt to legalize 2.75 per cent. beer, thus opening a new avenue of taxation, fails (March 25) as the House defeats the measure 216-132.

DISREGARDING the pleas of their own leaders, the insurgents attack the tax bill anew and add a measure imposing a 10 per cent. tariff on coke and coal imports (March 26).

SPEAKER GARNER, alarmed by the effect the Allied Progressives have had on the tax bill, makes (March 29) what observers call one of the most masterful speeches the House has ever heard. As a result of his entreaties to pass a tax bill which will balance the budget, 11 excise rates are enacted. They will restore one-third of the amount lost by the sales tax defeat.

First class postal rates are increased (March 30) from 2 to 3 cents in the House

bill. Additional items are given a new tax status, making it evident that the general sales tax has been replaced by a selected sales tax. Chewing gum, automobiles, matches, and cosmetics are among the articles already incorporated into the bill as subject to taxation.

A TAX on stock sales and transfers adopted by the House (March 31) causes a serious drop in the stock market. It would result in a smaller turnover.

THE House passes (April 1) the completed tax bill, expected by its sponsors to yield \$1,032,400,000. To this figure the House expects to add a saving of \$230,-500,000 in governmental expenditures and by minor postal increases, thus securing a total of \$21,900,000 more than is needed to balance the budget. The Treasury disagrees with these estimates, contending that the bill will yield only \$997,400,000, and that economies and increased postal rates will amount to only \$155,500,000. These figures indicate a deficit of \$88,-100,000. The final vote on the measure, following a last-minute removal of the war-time surtax rates, is 327 to 64

Secretary Mills testifies (April 6) before the Senate Finance Committee, on the tax bill as submitted by the House, that those sections tending to restrict business should be removed and supplanted by less harmful taxes in the nature of a sales levy.



By Orr, in the Chicago Tribune ©
TRYING OUT FOR HIS PILOT'S LICENSE
Has the Democratic party made good in its
control over the House of Representatives?

Course of Government

Representatives are now wet or dry . . . Dangers in the Bonus . . . Philippine independence?

THE SENATE confirms the nominations of Frank Evans, Utah; William F. Schilling, Minnesota; and Sam H. Thompson, Illinois, as Federal Farm Board Commissioners (March 12).

CHIEF JUSTICE Charles Evans Hughes administers the oath for the Supreme Court to Justice Benjamin Nathan Cardozo (March 14), who fills the seat vacated by Oliver Wendell Holmes.

OPPONENTS and partisans of the Beck-Linthicum resolution to return liquor control to the states agree that the significance of the vote in the House (March 14) is not so much that the bill is defeated (187 ayes to 227 noes) as that for the first time since 1919 the members go on record as being either for or against repeal of the Eighteenth Amendment. The following table shows the distribution of the vote, in which all but 18 Representatives participated:

	F	OR	AGAINST			
East	Rep. 47	Dem. 36	Rep. 35	Dem.	Farmer Labor	
South	0	22	6	89		
Middle West.	39	29	57	23	1	
Far West	11	3	14	1		
	-				_	
	97	90	112	114	1	

AFTER MONTHS of work by a sub-committee of the Senate Banking and Currency Committee, the Glass banking bill is introduced in the Senate (March 17) and referred to the committee of the whole for hearings and consideration. Its purpose is to check the speculative use of Federal Reserve facilities and to establish a 700-million-dollar corporation to liquidate the assets of closed banks.

War games during the past two years, culminating in the recent Fleet Problem 13 in the Pacific, naval officers announce unofficially (March 21), indicate that future naval construction will be away from big battleships and toward smaller, fleeter, heavily armed cruisers.

THE SUPREME COURT rules (March 22) that the part of the Revenue law which arbitrarily considers transfers of property made within two years prior to death as made in contemplation of death, and hence taxable, is a violation of the Fifth Amendment to the Constitution.

PRESIDENT HOOVER signs the Norris anti-injunction bill (March 23), accepting the advice of Attorney General Mitchell as to its legality.

IF THE United States should undertake payment on the veterans' adjusted com-Continued on page 58 Cartoon Sidelights



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By Brown, in the New York Herald Tribune © WHY LEAVE HOME TO HUNT BEARS?



By Hanny, in the Philadelphia Inquirer MARY AND HER LITTLE LAMB



POPULAR MISS DEMOCRACY



THE REPUBLICAN LEANING TOWER

A CHEERFUL but Critical Examination of Recent History

The Idiotic Era

By IRVING BACHELLER

N A TIME when our lives, our pearls and diamonds, and even our babies are in danger, our "liberated intellects" may well reshape their opinion of the "dessicated morals" of the Victorian time. We have seen so many young people standing in the midst of the ruins of the new era, knee deep in the dust and litter, railing at the "puritanical past." This is now the gigantic joke of history. I wonder if the last twenty years are not to be known as "the idiotic era." It began with the birth of an idiotic enterprise, in which we all had a part—that of dissipating the wealth and manhood of the world. The seed of this harvest was, I think, the philosophy of Nietzsche. That was the beginning of a destructive literature.

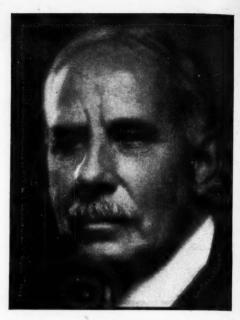
War ended, but our folly continued. A universal passion for gambling developed. We were all trying to get rich by swapping horses. Soon every horse in every stable was spavined and had to be turned into the pasture to recover his strength.

We call it a depression, and yet I wonder if that is the right word. Is it not a breaking down of foundations in the spirit of humanity—its respect for honor and good faith?

When peace came, the first act of Germany was that of robbing her own impoverished people by emptying the mark of all its value. Our allies were not of a mind to pay their honest debts. While they were seeking to be relieved of them, they were taxing their overburdened peoples for armaments with which to cut each other's throats again. When America was trusting them, they would not trust each other. Russia became an outlaw. How may one escape the conviction that all this justifies a lack of confidence in the honor and good faith of men, to an extent unknown for at least a century?

Men have suffered a tremendous loss of faith in their brothers in morality and religion. This has led to a hastening ill called "biological degeneration." It produces bandits, kidnapers, corrupt judges, dope peddlers, shocking and innumerable crimes. We find that liberated hands and passions are closely related to liberated intellects. First came the creation of a false philosophy and a vile literature, the effect of which permeated every layer of our life. A lawless spirit was the farspread result.

How about America? I have been talking with a manufacturer of clothing who runs a chain of stores in villages of the Middle West. He tells me that some years ago his customers were thrifty people living within their incomes. He could figure reliably that 90 per cent. of them would keep their promises. Now this high percentage of reliable payers has shrunk to 15 and



A recent portrait of the author

even less—a result due, no doubt, partly to gambling in stocks and partly to general depression.

The gang raiders of the great cities are the worst symptom of our public health. They are not exclusively the product of the slums. Our economic structure has been tottering, and yet Mr. Cornelius Vanderbilt informs us that certain of our rich people have been selling stocks and bonds short for a profit—for a profit, with men jumping out of high windows, with banks compelled to close by falling prices and reducing hundreds of depositors to want, with factories shutting down and increasing the host of the unemployed! What is to be said of this kind of spirit?

I have much faith in the United States and Canada. If we were all one great New York or one great Chicago, we should have fallen into the pit. The process of biological degeneration works overtime in the big cities. But the majority of our people—those of the farms and villages and smaller cities of the West and the South—they, let us hope, are mainly good human material.

Now for a moment I deal in hard facts, not in theories. There is a vast amount of money in this land of ours, but the average man is rather put to it to pay for food and clothing. Why? I can give one reason. About six months ago a man I know went to the paying teller's window of a great trust company in New York where for many years he had kept an account. A man stood in front of the window. Inside the cage the tellers were busy counting money for him. He waited. The man took away in a bag a great stack of bills. He who had been waiting said to the teller:

"You are having a busy morning."

"Rather," he answered. "We had to count out a million dollars for that man. I presume he is taking it down to his vault."

PROBABLY THAT is what he was doing, and he is only one of many. Vast amounts of money have been hidden in vaults and stockings by rich and poor. Why? People have lost confidence. We have no leader, no captain who commands the respect of our investors. We have a rich country, yet we have been unable to protect its values. They have melted away. The bears have had their will in the market.

For years I was an intimate friend of A. Barton Hepburn, one of our great bankers. He was often in the councils of the elder J. Pierpont Morgan. In two great panics he sat in conference with him and other distinguished bankers while they considered what should be done to dispel fear and restore stability. Often Morgan sat with his chin upon his breast as if asleep, while the others were talking, or he would be playing solitaire. He didn't care what they said. It didn't matter much. He knew what had to be done and how to do it. Suddenly he would say:

"Hepburn, you put up ten millions. Baker, I want ten millions from you; the same from you, Stillman. Simmons, I want five from you. I'll make up the balance. Fifty millions will be enough. Good night, gentlemen.

I may want to see you tomorrow."

That was the conference. Morgan was a big, rugged, powerful character—no saint, but his word was law. The poor man was like the rest of us. I do not shout "hypocrite" if a generous, well-meaning man turns out to be a bit imperfect. He was square. He gave away many millions. He had a deep respect for the great verities—God, honor, sleep, art, character, the public welfare.

We have no men like him in the great cities. Why? Well, chiefly they have not his rugged strength and strong character, his regard for the commanding verities. A captain of industry said to me recently:

"I meet certain young bankers of New York. They are hopelessly in debt to themselves. Those I see drink too much. Some of them gamble until the night ends. The big things of life are never in their talk. I like them. They are honest, good-hearted men, but mostly they are playboys. I like fun. But I know that there is only one way to make a man, fully equipped with vision and reliable inwards. There is no new way of doing it. You must keep the machine in order. The best parts of it are nerves and heart."

Hepburn once said to me: "If one's business does not give him a sufficient nervous strain without gambling for high stakes, there is something wrong with him or the business. I like to play poker, but I do not play for a stake that excites me or makes me forget the rest that

I owe myself."

The Ladies have changed. I hate to hear women shout; yet many have reached that high degree of self-assertion. They want to be heard. The old sanctities are to many of them a joke. The children have changed. They are full of hurried wisdom. The fruit of that tree picked before it is ripe is worse than green apples. Streams of burning love flood through our houses every day. Much of it is gummy, oozy, saccharine love. Ladybirds sit on their perches from New York to San Francisco and pour their gasping, trembling heart-throbs into your home, telling of the thrill divine that follows when your lips touch mine. Then this sweet, suggestive note is added: "Yet to love you is a crime."

The radio room is often like the wailing wall in Jerusalem. Men with lady voices take up the refrain and fill the house with crooning love sobs. Niagaras of crack-brained mush are pouring into our ears at home and at the theater. The clear, crystal stream of youth is roiled and thick with the mud at its bottom. I wonder if love and sex are really in need of all this free

advertising.

Perhaps after all the head ought not to be at the top of the human system. It may be that we should reverse the plan of nature and walk on our hands and sit on our scalps and get our intellects down where they belong. If we are to reverse the plan of life, let us be consistent and put our new era specialties at the top of the column. It would seem that we have misplaced the human intellect when it is so out of business while prize fighters, ball players and demonstrators of illicit love can make a fortune in a year.

The movie industry is in sore need of great leaders, for it touches the foundations of life. It can furnish food or poison for the thing called public virtue. Does not all security rest upon that? Such leaders must and will come. Will Hays needs backing and support in the efforts he is making. He is a man of sound ideals and should have the encouragement of the public in the many educational and inspirational enterprises now in his plans. There are signs of better weather in the movie sky, not the least being that Edward R. Tinker is now in command of a big branch of the industry.

Prosperity will return to us, but only on trial. The truth is we must be worthy of it, or it will not stay with us. A clever individual can practise deceit and folly and get away with it, but not a nation. There are too many who see and advertise the truth and create a lack of confidence. We must restore the crumbled foundations of law and order and good faith, and destroy the

things that weaken them.

Any one who will put away prejudice and calmly survey the facts must decide that the Prohibition Amendment is a destructive force prodigious and farreaching. It is un-American because it puts a new restriction on the liberty of the human conscience like those of Bishop Laud which peopled the coast of New England. It has corrupted our police and honeycombed our cities with saloons, often dens of drunken vice, often frequented by respectable folk. It has helped to push our best hotels to the verge of ruin. It has put wealth in the hands of criminals who use it to corrupt agencies of the law and to defeat justice. It has given wing to the night birds of the underworld and spread abroad the terrors of hell. It makes indulgence the exclusive privilege of the rich in a democracy. Is that good Americanism? It robs our government for the benefit of innumerable Al Capones.

The generous charity of our men of substance, for those in need, is a most encouraging sign of a deep underlying rightness in the spirit of our people. It is the

true beginning of better things.

Whatever the cost may be, we must put an end to kidnaping and banditry. Our citizens are paying to be protected and our first duty is their protection. Every murderous attack on good people is a shocking advertisement of governmental weakness and an encouragement to violent criminals.

Our best minds should be given to the problem of exterminating these rats of the underworld. No more money should be voted for roads and bridges, or like things, until every man can go to his shop and home with a sense of security, even if the policing of America has to be doubled. Chicago, New York, Brooklyn, Detroit and Boston have their contaminating cesspools of bloody murder, which are a terror to their citizens and a disgrace to America. They carry a worse contamina-

tion than pest holes of yellow fever.

Are we to tolerate these things, and leave our cities inadequately protected, while we spend our money on parks and paving and subways and bridges? Our first step toward good health as a nation is the curing of this sore, which saps our strength and self respect. If military aid is necessary, let us have it. We must have order, honest courts, effective good faith on the part of state and municipal governments in fulfilling their contract to protect the lives and property of their citizens. These are an essential part of the weakened foundations of our life.

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What the Depression Is Teaching

By ROGER W. BABSON

THE PAST YEAR has seen many good old banks get into trouble. When their founders died, they seemed to miss something. The banks built new buildings with great fronting columns; they adopted modern methods and machines; they did progressive advertising, and had an active group of workers; but still they lacked something, and failed. What was this "something"?

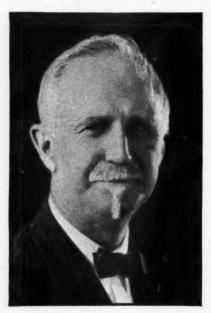
If you will think back over the situation, you will remember that in the successful days the bank had someone who was not very active, who was rather out of date, but who always was doing a lot of thinking! In the case of one bank with which I was acquainted, they used to refer to the "old man who came into the

bank every morning and only read the paper and poked the fire." Yet, as I look back, I believe this man had the "something" which made the bank a great success. When the old man died, this "something" was lost; and although the bank adopted every help which money could buy, it finally was absorbed by another institution.

The same thing is true with all lines of business. Why are some publishing firms so much more successful than others? It is not due to greater capital or greater prestige, or greater advertising ability. The success of certain firms is due to the fact that some one member of the firm has that "something" which enables him to select what will become the best sellers. The same principle is true in regard to department stores, newspapers, engineering firms, and all other forms of business. This "something" is very noticeable in connection with investments. Some men are able to select securities which are safe and become very valuable, while other men utterly lack this facility.

All men have the same amount of time. The President of the United States and your office boy both have twenty-four hours a day and no more. In these days of great public libraries, wonderful news-gathering facilities and free instruction, sources of information on almost every subject are equally open to all. Yet none of these things seems to produce this "something."

What is this "something" which seems to count so tremendously in the battle of business? Well, thirty-five years of intimate contact with business men makes me believe it is the power to make correct decisions and stick to them. As I analyze business, it appears that about 70 per cent. of the money, energy, and time consumed is purely wasted. An analysis of advertising shows that 90 per cent. of the pulling power comes from 10 per cent. of the advertising. A study of salesmen



shows that fully 50 per cent. are wasted, and that the great bulk of all production could be carried on with about 30 per cent. of the present capital investment if properly applied. The growth of new cities and industries is almost wholly dependent on about 2 per cent. of the population. Every employer knows that he is obliged to hire from 10 to 20 men in order to get one good one.

But, is the trouble with the men or with the employer? My studies show that the trouble is with the employer who lacks the ability to make correct decisions.

I love to read that portion of the Sermon on the Mount given in the latter half of the sixth chapter of Matthew. Jesus told his followers that there is nothing in hustle and

bustle, striving and worrying, buying and borrowing, but rather success comes from listening to that still small voice "and then all these other things shall be added unto you." Of course, this was written two thousand years ago, and it has been vamped and revamped many times since; but the point is clearly evident. It is that all these material things which men think are so necessary are as nothing compared with the spiritual power of making correct decisions and carrying them out. Yes, this "something" is a spiritual power which is the real determining factor for success. Moreover, this spiritual power to make correct decisions is not secured by college degrees, capital investments, or great organizations; but rather through quiet study, sane prayer, and an earnest desire to bring about the Kingdom of God on this earth. The men having these qualities are the men who made America; and our difficulties today are due to the lack of them.

Take a day off, go into the country or hire a room in some big hotel, and apply the above suggestions to your own business life. Figure the tremendous amount of capital that you have wasted by making wrong decisions. Consider the needless sums you have foolishly borrowed, which were wholly unnecessary. Think of the men whom you have wrongly selected to train and represent you. Visualize the money you have misspent by misjudging the demands of the public and backing wrong advertising, wasteful selling methods, and needless products. All of these and your other mistakes have not been due to lack of capital or lack of credit or lack of machinery or lack of salesmen or lack of any other material things. These mistakes have been due solely to your lack of judgment, your personal inability to make correct decisions and your own lack of spiritual energy and power to carry out these decisions to a conclusion. Why fool yourself any longer or continue to put the blame on Europe or on the President or on your employees or on "conditions beyond your control?"

The solution of your personal business problem is to spend more time in meditation and less in consultation; to devote more energy to study and less energy to ballyhoo; to give more time to praying in secret and less time to pleading with bankers; to read more of the classics and less of the newspapers; in short, to turn over a new leaf.

If you are in a line of business for which you cannot conscientiously pray for success, then you must depend upon luck, rather than upon acquiring this "something."

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m in your nt of deciishly k of and pent king eedakes it or any due ility itual conIf, however, you are in a business which is adding its bit to making a healthier, safer, happier or more comfortable world, then determine that you shall get the spiritual power of making correct decisions and carrying them out. Then you will select business associates, distributors, foremen and salesmen who will be winners. Then you will be able to raise your capital without getting into debt with banks or others. Then you will be able to know what the public wants and how to supply it in the best way at the least cost.

And when it comes to the investment of money, you will always buy things that will go up and never buy anything that goes down!

Roger Babson Reflects

"HARD WORK, hard thinking, efficiency and integrity are coming back into voque."

N THE PRACTICE of medicine there are men who become famous for their unerring skill in diagnosis. Other doctors call upon them for counsel. Patients come from long distances to submit to examination in order that they may face the hidden truth. These eminent physicians have risen to their fortunate places in the great profession that they adorn through study, training and experience. But invariably they have moral and intellectual qualities that belong to them as unusual men. If they had chosen some other vocation, these qualities would probably have brought

success, because they would have inspired confidence. Such men have keen perceptions, poised judgment, and belief in the capacity of individuals and society to overcome difficulties. Their optimism is not shallow emotion, and their enthusiasm is not of the kind that blinds itself to hard facts. They can be cheerful in adversity, and they know how to use cheerfulness as a remedial agent. But they do not like the happy quackery that says, "all is well—there is no evil," when in fact there are ills that must be dealt with by courageous and steadfast facing of all things as they are.

In our modern life, the type of man that we have described takes a place of leadership under many vocational designations. He is usually designated by one term—engineer, lawyer, business executive. But when

By ALBERT SHAW

the individual is brought under scrutiny, he is usually found to be versatile, not only in his tastes and sympathies but in his activities and accomplishments.

Mr. Roger W. Babson's vocational name is "statistician." He deals with vast ranges of complicated facts; and by the orderly use of compiled figures, for purposes of comparison over longer or shorter periods, he arrives at certain more or less tentative conclusions. The value of these conclusions lies in the ability of Mr. Babson to derive sound inferences. He is a diagnostician in the broad field of business life, or practical economics, with regard for conservation of wealth, property and health.

He ranks with the leaders in the general sphere of business. Most of them are acquainted with him. Many of them consult him, just as doctors from time to time consult a member of their profession who is preeminent as an expert in diagnosis. But Mr. Babson is also a practitioner, who gives advice firmly and sensibly to men and women who invest money and are anxious to avoid mistakes and to conserve their resources.

What we call business permeates all professions and callings. Mr. Babson reads his Bible in a search for principles in order to apply them to our modern life. He believes in the man who is diligent in business. He is far from being an apologist for business activities. He thinks everybody should work harder and more effectively. But no one could be farther than he from the obsessions of those who pursue business as an end in itself, and live in the narrow ruts of money-making.



WHERE MEN are trained for business leadership: Babson Institute at Wellesley Hills in Massachusetts. A dormitory group.

Mr. Babson is a man of many interests, but all of these are devoted to the protection and conservation of investments, health, or property. The Babson organization not only controls Babson's Reports, prepared to conserve the nation's savings, but it is the largest stockholder in the American Public Welfare Trust and the Gamewell Company. The American Public Welfare Trust is one of the active agencies in conserving our nation's health, while the Gamewell Company is a leading factor in protecting the nation's property

against fire, burglary, and other destructive forces. (Whenever you see a little red fire alarm box or a blue police call box, you can think of Mr. Babson.) These, however, do not take anything away from his interest in other phases of life which are worth while. He might have been successful as a banker, manufacturer, or transportation executive. In point of fact, he has had to do with the managerial policies of many kinds of enterprises. But he has chosen, as his vocation, to be a consulting expert upon the course of business in general, and upon the investment of capital in particular. His immediate business for more than thirty years has been that of advising clients, while also contributing to the kind of current knowledge that helps to shape public opinion about business affairs.

He is known as the Sage of Wellesley Hills. This Massachusetts center of his activities lies near Boston, in a charming suburban environment. By

nature and instinct, Mr. Babson is creative. His methods are those of the educator. Education, in his view, consists in learning how to think and how to decide. Right thinking leads along the paths of wisdom. Wisdom leads to discernment, and soundness in judgment. These qualities of mind and character, in turn, bring right decisions. To decide rightly at important moments is to save private business from decline and disintegration. Wise and firm decisions come through building up character. Upon foundations of personal and social character must rest our solvency in business, and our ability to deal with the problems of society and government.

Mr. Babson believes that the hardships of our period of business depression must bring us real values, chiefly in the discipline of character, which he declares is the controlling factor of the business cycle. Says he: "If we will take care of our characters, our characters will take care of us." He has unchanging faith in the United States and in the American people. He believes that we are coming out of the period of decline and stagnation that began three years ago. "How far can a man go into the woods?" asks Mr. Babson. "Just halfway," he answers with a twinkle in his shrewd, clear optics. "When he is half-way in, he is beginning to travel on the road that is taking him out."

Belonging, in a sense, to America at large, Mr. Babson specifically has two homes. His great statistical organization, which is carried on as a service-rendering business enterprise, is always at work at Babson Park, Massachusetts. But in the winter and spring Mr. and Mrs. Babson are residents of Florida. They are the dominating spirits of a community known as Babson Park, Florida. Some hundreds of people there are en-

gaged in out-of-door pursuits, especially the raising of oranges and grape-fruit.

Mr. Babson owns a Florida domain of 12,000 acres, and he spends two hours every morning riding horseback over this little principality. He maintains his splendid physical vigor by his devotion to out-of-door life and exercise. He also engages, undisturbed, in the thing that he would regard as most fundamental to all of his activities. To sum it up, in a word, Mr. Babson spends his morning simply in thinking. On his

recent visits to this country, I have often heard that most successful of all English economists, Sir Josiah Stamp, declare that the one thing above all else that was necessary in the United States, for the solution of all our problems, was a great deal more detached and habitual thinking than seemed to be in ordinary evidence.

Mr. and Mrs. Babson live during the winter at the Mountain Lake Club, just north of Babson Park. Here a colony made up of families for the most part widely known in circles of business, maintains one of the most beautiful settlements to be found anywhere in the country. With its clubhouse and its golf course, it has great areas of well-managed orangegroves; and its landscape effects and its gardens of shrubs and flowers are far-famed. It is here, on the highest point of land in Florida, that the late Edward W. Bok created his bird sanctuary and built the famous

Singing Tower. The Babson home, surrounded by flowers and built at the corner of an orange grove, rests on the slope that leads one quickly to the nearby tower. (See illustration on page 17.)

At this Florida home, Mr. Babson maintains an office, with orderly collections of statistical data ready at hand, bearing upon many business matters, including analyses of the reports of railroads, banks, industrial corporations, and so on. And from this winter office he sends out his comments upon business conditions that appear simultaneously in the financial departments of several hundred newspapers. The writing of these newspaper essays is a by-product of his more essential work.

He talks generously to his friends along the line of any practical question that might help them to do the wise and sensible thing about their own investments. He tells you what he thinks, as if he trusted you fully, expecting you to discount now and then a certain vehemence that is delightful, because it is the overflow of sheer health and vitality. Like the late Col. Roosevelt, Mr. Babson enjoys life hugely, and seems to have no dread of nervous prostration through the spending of energy in telling you what he believes. Moreover, as he has never borrowed a dollar in his life, he is not worried by financial cares.

Mr. Babson needs no artificial stimulants. He does not use alcohol, and you could not imagine him as sympathetic towards any phase of law-breaking or disorder. His ethics would not justify patronizing a bootlegger—although he will add, reflectively, that this very thing is obviously done by a lot of people who are better than he is. He is impressed by the evidence of changing sentiment regarding our present prohibition system.

Sitting on the benches that are placed at the base of



MRS. GRACE K. BABSON

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the still water of a pool fringed with semitropical growths), Mr. Babson serves his guest with the distilled essence of his philosophy of life. There is no escape from our system of government by the votes of the people. Dictators could accomplish very little to adjust our disordered affairs. We must work out our individual salvation, and must reduce the burdens of over-costly government by the vigorous assertion of intelligence and character. Meanwhile, somebody must take time to think. From the President down, the tendency is so to crowd activities upon leadership, that decisions cannot be made with sufficient perspective

the Singing Tower (beautifully reflected in

and detachment. Mrs. Babson had returned in the afternoon to her charming home, from several hours spent at Webber College. This is a migratory institution, operated under the educa-

tional laws of Florida and Massachusetts, its object being "to train young women for life, in business, investment and secretarial principles." The students assemble in September in the Charlesgate, Beacon Street, Boston, where they live and attend classes until after Christmas. In January they have free transportation to Babson Park in the highlands of Florida, where they have ample facilities and delightful surroundings, and where their activities include golf, horseback riding and boating. Mrs. Babson is chairman of the board, and the faculty is made up of well selected scholars and experts.

Webber College would seem to have come into being to fill a special need of our times. The students are young women above the undergraduate age, who wish to learn about investments and business, and the proper management of their own properties or the properties of other people. At Boston they are in close relation with the Babson Statistical Organization; and their school president, with some other members of the faculty, is lent to Webber College by Babson Institute.

The Babson Institute has for its object "to train young men for life and business leadership." It undertakes to give "an intensive course in the principles of finance, production, distribution and personal efficiency." was founded thirteen years ago. It is at once scientific and practical. American business has evolved for itself a large body of valuable experience as regards management, methods, and technique in various directions. Both the Babson Institute and Webber College are under the direction of Dr. George W. Coleman. In both institutions Mr. and Mrs. Babson try to have the principles of stewardship and service emphasized in order to awaken the feeling of responsibility.

In 1929 Mr. Babson gave a shock to the country—then at the climax of a period of reckless speculation with expanded debts and soaring prices-by stating bluntly that things were wrong, and warning us that a sharp and serious reaction was impending. A good many speculators did not wish to have their illusions rudely disturbed. They thought it very unkind of the Sage of Wellesley Hills to give the general public the same kind of warning that he was selling to his clients for their timely escape from disaster.

Did Mr. Babson have a hunch? Was he leading the bears in raids on the market? Was he depriving us of our unearned but cherished paper profits by helping to bring on a stock-market panic? The simple answer is to be found in the methods pursued by Babson Institute and by Webber College in their courses on Practi-



IN WINTER the students of Webber Foundation transfer their activities to the picturesque shore of Lake Caloosa, Florida.

cal Economics, and particularly in the elaborate historical surveys and studies of comparative statistics that are the basis of a course of study in Business Forecasting. Included in the outline, one finds a survey of Economic Cycles, through long historic periods. Also, one discovers that the Babson educational institutions require analytical study of the American crises of 1814, 1818, 1825, 1829, 1837, 1848, 1857, 1866, 1873, 1884, 1893, 1903, 1907, 1913, 1921, and 1929. Special emphasis is placed on the study of the more serious panics of 1837, 1857, 1873, 1884, 1893, 1907, and 1921. Students at the Institute are not limited to the researches of the Babson Statistical Organization; they also use the data of Moody's, Poor's, Brookmire, Standard Statistics, Harvard, Irving Fisher, and various others.

The foregoing statement should make it clear that Mr. Babson's predictions in 1929 were based upon elaborate study of actual business conditions, with knowledge of previous periods of expansion and contraction. But, above all, the possession of well trained and sound judgment was indicated. Without judgment and experience, we must not expect that the mere assembling of current statistics, and the study of former crises, can qualify the man in the street for the difficult business of financial forecasting.

Mr. Babson wrote on March 18, 1932: "I am just as optimistic now about business as I was pessimistic about it before the crash in 1929. My optimism is based not on hopes or wishes, but on facts." He finds that debts have been reduced, that expenses have been cut (except those of government), and that lower wages are tending to spread employment. Idle funds have been piling up, and "the track is clear for re-investment and loans as confidence returns." Mr. Babson's analysis of this recent date bristled with specific points indicating what he regarded as a turn for the better in business conditions. He thinks that "a new spirit of thrift, honesty, and desire to be of service is coming out of these hard times." "Hard work, hard thinking, efficiency and integrity are coming back into vogue. The surest signal of business recovery is the recovery that is already taking place in our ideals."

Mr. Babson is not blind to the faults of this post-war period, with its evidences of private recklessness and of wide-spread crime, racketeering and official turpitude. But also he is aware that the former days had their evils; and he thinks that the world is steadily growing better. He has a very warm and kindly feeling for his fellow men, including those of the younger generation.





MOTOR TRANSPORT: The Question of Regulation

By EDWARD M. BARROWS

PRACTICALLY EVERYTHING carried by rail or steamer makes some part of the journey between sender and receiver by automobile; and between producer and consumer most commodities have had at least six automobile rides.

This is according to estimates of the National Automobile Chamber of Commerce. It is the kind of large fact that the average person finds hard to swallow in one intellectual mouthful. He has to take it apart and absorb it a little at a time, applying it to each individual object in his office, in his home, or even in his pocket. Then he finds that while it may seem incredible, it is still reasonable. Automotive transport today plays its part in every item of human existence from the beginning of life to death.

Automotive kultur is full of such swollen statistics. There are enough automobiles in active use to give everybody in America a ride at the same time, putting only five persons in each car. This would be spectacular; but it would also be safe, for there would be no pedestrians to hit. These automobiles, furthermore, are supplied with nearly 125,000,000 feet of brake lining—enough to girdle the earth and brake our flight through eternity. It has been estimated that \$104,000,000 is spent just to buy uniforms for our 650,000 chauffeurs.

Automobiles use 9 per cent. of the cotton consumed in America, more than half of our plate glass output, 83 per cent. of all rubber consumed, and 40 per cent. of our output of machinery and tools. Some genius has figured out that for every time a telephone rings an automobile travels six miles. Whether the phone is calling the auto, or the auto is answering the phone, these statistics do not indicate.

This aspect of the automobile, as the focal point of modern commerce, gives a significance generally overlooked to the endless procession of motor trucks and motor buses pounding along our highways day and night. Most of us think of the problems their presence involves purely as those of highway maintenance and highway regulation. For nearly a century, travelers and public freight have used the railroads, and the highways have been for private drivers. The tendency is therefore natural to consider the carrier on the public highways as an intruder. When this intrusion is carried to the point of crowding us into a ditch, our indignation rises and we see—as the sole problem of automotive transportation—what is after all only a minor

police matter. Automotive transportation—the use of our highways by buses, trucks, passenger lines, freight lines, and contract carriers—has developed to a point where it overshadows any other highway use.

Questions of vast public concern are involved in this matter of the automobile as a public carrier. The automotive carrier's responsibility to the traveling and shipping public, equable passenger and freight rates, highway construction to stand the wear and tear of huge conveyances, taxation, the perplexed question of railroad competition—all these problems, non-existent a dozen years ago, now call for immediate solution in the public interest; and the solution is not in sight. Police control of the highways is necessary, but it is merely one of the secondary diseases of automotive transport's infancy.

Consider first our automotive transport system as it exists physically. On America's highways in 1931 were approximately 90,000 passenger buses, representing an investment of \$320,000,000 and earning an estimated annual revenue of more than \$310,000,000. They carried 395,000,000 passengers from city to city, over routes from coast to coast and from Canada to the Gulf, totaling 390,000 miles. More than a billion and a quarter passengers were carried over urban streets. Approximately 5000 incorporated companies were engaged in operating these buses, with upwards of 100,000 full-time employees whose annual payroll totals about \$175,000,000.

The volume of freight transportation is still more staggering, though it cannot be so definitely ascertained. There are approximately 3,500,000 trucks, in the hands of about 2,500,000 owners. Of these, government surveys indicate that 630,000 trucks are regularly in the automotive transportation business, about 250,000 of them being classed as common carriers. Unknown numbers of the others are sporadically in and out of the highway transportation industry, which fact vitiates any attempt to evaluate the automotive freight industry or to estimate its earnings.

These figures give some idea of the size of America's latest means of public transportation, so new in our social scheme that only thirty-three years ago it was classified in the federal Census of Manufactures as a branch of the Carriage and Wagon Industry. Automotive transportation is full of paradoxes and inconsistencies. Among the newest and most progressive of our giant





Present and Required Payments

Class of Vehicle	License fee pneumatic tired wheels	Approximate amount of gasoline tax annually	Present total estimated annual payment	Estimated required payments per vehicle per year
Passenger car	10.50	14.00	24.50	26.00
½-ton truck	16.50	20.00	36.50	26.00
3/4-ton truck	26.00	21.50	47.50	26.00
1-ton truck	35.00	25.00	60.00	46.00
1½-ton truck	45.00	43.00	88.00	58.00
2-ton truck	63.00	50.00	113.00	100.00
3-ton truck	90.00	60.00	150.00	159.00
4-ton truck	110.00	75.00	185.00	212.00
5-ton truck	155.00	100.00	255.00	276.00

Pennsylvania figures compiled by U. S. Bureau of Public Roads.

industries, it is nevertheless but a revival-in terms of twentieth-century machinery-of the ancient days of transportation before canals took the bulk of heavy, long-haul freight off the post roads, only to be supplanted in turn by the railroads. We see picturesque evidences of this on any automobile trip. The modern bus passenger travels from city to city over the old post roads and turnpikes whose transportation value was proved before railroads were ever thought of. He stops at inns fragrant with the carefully publicized memories of old events and old personages, with modern plumbing and a twentieth-century coat of paint thrown in. Indeed, there is a curious resemblance between the news reports of occasional motor bus hold-ups and the Georgian chronicles of Dick Turpin's dubious participation in stage-coach life about London.

HE LEGAL STATUS of automobile common carriers has developed out of decisions based on old English highway laws. History has a curious habit of reënacting, with modern scenic effects, the dramas of other days. Just a hundred years ago Massachusetts was the scene of a familiar legislative battle. The main highway from Boston to Newburyport was a toll road, maintained in a flourishing financial condition by a privately chartered company. Another group of citizens applied for a charter to build the first railroad in New England from Boston to Newburyport, generally paralleling the toll road. The toll road company protested bitterly, on the ground that stockholders' money had been invested in the road; that coaches, post houses, and many enterprises were dependent on the toll road's franchise; and that the competition of the railroad therefore would strike a blow at prosperity.

Substitute railroad for stage-coach terms, and these

arguments would feel at home on any modern radio. The problem was acute then as it is now. The vested rights of the older transportation must be considered, yet the people must have the newer facilities.

It was not only in New England that the railroads changed the transportation map of the United States. They overshadowed every other form of travel so completely that post road and canals remained undeveloped, or died of neglect, until long-haul transportation was by common consent a railroad monopoly. Then the federal government undertook regulation of this monopoly through the Interstate Commerce Commission and thereby crystallized methods of railroad operation and service. So far as legal recognition goes, the railroad monopoly has existed up to the present year. questions that agitate transportation circles, and that are affecting the public far more deeply than most of us are aware, are whether the automotive transport system that has developed in fact shall be given legal recognition; whether the Interstate Commerce Commission shall extend its powers to cover it; and in general how a public policy can be worked out that will further the demonstrated advantages of the automobile as a common carrier, while retaining all the benefits that the railroads have given to the people through their tumultuous years of growth.

The automobile did not wait for laws before it began to make transportation history. The "jitney" uprising in 1915, against street railroad domination, could have been an impressive warning to the railroads; but that emergence of the automobile as a common carrier came about merely as an incident in fights between city folk and their street car companies. These companies dominated the streets of many American cities, and they spoke the language of power. In a score of midwestern cities private automobile owners conceived the idea of carrying passengers from the suburbs to the center at the regular street car rates. Patronized first as a measure of protest, jitney service speedily became popular for its own sake and spread throughout the country. But it contained the seeds of its own destruction. Driver's licenses could then be had for the asking, and the jitney drivers were generally irresponsible personally and financially. They crowded the streets and caused accidents for which no redress could be obtained. Hence it was easy for the street railway companies to suppress them on ample and logical grounds.

But the idea of automotive passenger service, once born, could not be suppressed. Responsible, fully financed bus services took their places; metaled highways joined city to city, and specially designed passenger cars instituted interurban services. They not only paralleled the interurban railroads but took new routes, and joined new communities to the urban centers, with a service so flexible, convenient, and cheap that neither railroads nor trolley lines could withstand them.

Automotive transportation of freight has no such clearly defined beginnings as the passenger bus system. It is simply the old package delivery and contract trucker, expanded to the new limits offered by the pow-

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erful and tireless motor and a nation-wide network of surfaced highways. In stability and importance these freight carriers range all the way from the hundreds of thousands of single trucks, each driven by its owner (who has no terminal facilities to worry over, who makes his own repairs, pays no salaries and lives on his daily earnings), to the elaborate fleets of expensive five and ten-ton trucks, which maintain regular schedules over interstate routes. These are highly organized and amply financed. Some freight carriers have 200 or more trucks in operation at one time. There are many with one hundred or more units. The average incorporated automotive freight common carrier maintains a fleet of twelve to twenty trucks.

A third type of automotive carrier offers the greatest perplexities of all when it comes to fitting logically into a public transportation system. It offers unique and indispensable facilities to the public, but it remains an intangible, unplaceable, elusive, competitive threat both to the railroads and to the automotive freight lines. This is the contract carrier, who either rents out his trucks forthright, or enters into transportation contracts with shippers for point-to-point delivery in truckload lots.

The contract carrier is the free-lance of modern transportation. His presence on the highway makes anything like monopoly impossible. There is no species of restriction or regulation that can reach him which will not apply to the private owner of a fleet of delivery trucks on the one hand, or to the public common carrier on the other, for his services can partake of the nature of both. This contract carrier may be the owner of a single truck whose services he rents by the day with himself as chauffeur; or it may be a great trucking corporation which maintains special services-such as the delivery of specie from one bank to another in armored cars, or the hauling of building material for a huge construction job, or the special delivery of manufactured goods from one city to another a thousand miles distant. It is an auxiliary service generally; hence it maintains no schedules, has no fixed rates, and comes under no regular classification.

It is the contract carrier that in many states can underbid the legally fixed railroad tariffs for special classes of commodities. Not only can it underbid them, but it can furnish a faster and more dependable service



on occasion. It can also take the cream of highway freight traffic away from the regular carriers, whenever freight rates show a tendency to rise unduly, and whenever conditions make possible door-to-door delivery in truckload lots. Thus the contract carrier is the stumbling block of every attempt at regulation of automotive freight service, either in rates or facilities. Yet the unique character of his service obviously requires that he be kept free from any legal restraint—in rate-making, in routing, or in facilities furnished—so long as his dependability is insisted upon. No system of regulation can be made effective unless it can be made to apply to the contract carrier, and yet the shipping public will not tolerate restrictions that lessen his peculiar value.

These are the three distinguishable types of automo-

tive transportation. It must not be imagined, however, that our millions of trucks and buses always fit themselves into such snug grooves. The difficulty of their regulation lies in the fact that one kind of service shades into another so confusedly that, while the types of service may be simply defined, the kinds of carriers participating in that service may not. Any owner of any automobile may become a common carrier or a contract carrier overnight, and may retain either status, or both or neither, as long as it suits him.

A family living in Philadelphia or St. Louis and wanting to move to Camden in New Jersey, or to Alton in Illinois, may bargain with the owner of a private delivery truck to transport their household goods across the state line. By any legal definition that truck thereby becomes a common carrier engaged in interstate commerce. Theoretically it must conform to the provisions that regulate great automotive freight carriers.

To expect the owners of such trucks to take themselves seriously as common carriers is absurd. But how are we going to pass laws for the regulation of the big professional truckers, without making lawbreakers out of the occasional little ones? The machinery required to enforce such a law would make our national prohibition enforcement unit look like a local police force.

O NOT ASSUME that the problem of the small carrier is too insignificant to be considered. Singly, it is insignificant; multiplied by a hundred thousand, their cumulative effect is serious. Newspapers constantly carry advertisements of private car owners going from coast to coast or from Maine to Florida, who offer to take passengers with them. These owners are within their legal rights, and the responsible ones perform a real service; but others use this scheme as a basis for fraud or even for crime, and if travelers choose to use this type of conveyance without careful investigation, it may well be claimed that they have a common-law right to make their own blunders and take the consequences. Logically such conveyances should be subject to the same regulations that control the great passenger bus systems. Practically there is no way to reach them except through a remedy of absolute prohibition, which would be a herculean task and a remedy worse than the disease.

Retailers, jobbers, and manufacturers increasingly find it to their advantage to send their own delivery trucks to distant points, either to make shipments or to pick up new goods, thereby fulfilling all the functions of the contract carrier. Any restriction of this traffic would be an invasion of constitutional rights. The retailer in southern Ohio, for example, can send his own delivery truck to Cleveland, to receive an emergency consignment, with far less inconvenience than if he relied on the railroads. Yet the regular transportation companies rightly feel that it is unfair to subject them to restrictions that prevent them from competing for this kind of business.

All these situations make any regulation of automotive transportation one of the most difficult with which our modern industrial society must deal. They do not, however, obviate the necessity for certain kinds of public control of the trucks and buses on the highways.

What are the elements of automotive transportation that call for regulation, and what is behind the present movement to that end? Reviewing the new situation in the transportation field created by the presence of the automotive carrier, passenger and freight, we find that:

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in the at: quent, and more flexible than any form of public travel that this country has ever enjoyed.

(2) They are furnishing a door-to-door freight service, regardless of distance, that for certain special kinds of commodities saves time, money, packaging expense, and adapts itself better to the needs of shipper and consignee than any other form of transportation ever developed. There are limits to these advantages which will be discussed hereafter.

(3) The nature of automotive power and of public highway development throws this system of transportation so widely open to all sorts and conditions of men, and to all sizes of capital investment, that anything like transportation monopoly is a thing of the past.

(4) Automotive transportation has an adaptability and a responsiveness to public convenience that ought not to be hampered by regulations or legal restrictions except those which increase the value of this form of transportation in itself, regardless of any other form:

On the other hand:

(1) The very heterogeneity of automotive transportation, that gives it flexibility and makes monopoly impossible, also permits irresponsible operators to capitalize good will created by more responsible units, and to compete unfairly to the public's disadvantage.

(2) Protection of the rights of the public, who use the highways in common with the automotive carriers, is today largely a matter of good will on the part of the

bus or truck driver, or of company rules.

(3) Protection of the traveling public is also too much an individual matter with each automotive carrier. There are no standards such as there are in railroad transportation, through which a patron can pay for a given service and effectively demand the service for which he pays. This applies particularly to the automotive freight carriers.

(4) Automotive transportation on the public highways is tax subsidized to the point of unfair discrimination between different kinds of automotive carriers, and between the whole automotive transport system and the railroads and waterways, just in so far as these carriers are not taxed in accordance with a scientific grading determined by their wear on the highways.

(5) Granted that the automobile is performing a valuable added transportation service, which must be allowed full development for the benefit of the whole public, nevertheless its sudden intrusion into the transportation field has developed grave problems for the railroads, whose financial structure is based upon a century-old monopoly that cannot be disturbed precipitately without endangering the interests of many phases of industry, and of several million stockholders.

Therefore the problem of regulating automotive transportation is how to protect the public's rights in the highways and in the use of automotive carriers, and yet give the railroads opportunity to adjust themselves to the new order without depriving the public of any value from rail or water or automotive transportation.

The questions are deep rooted. Automotive transport is not a monopoly; hence the level of its service will be fixed by competition. Competition in turn cannot be based on rates. In the freight transport field, the small truck owners predominate, both in the aggregate business done and in the number of units operating at any one time. They have comparatively slight overhead expense and can retire their cars whenever business is slack. As operating organizations increase in size, special mechanical services and terminals become necessary, and there is need of sales and business organizations. The same is true of passenger service, except

that the overhead is somewhat larger at the beginning.

In other words, the automotive transportation industry operates on the law of diminishing returns. As the size of the investment increases, maintenance costs tend more and more to equal profits. This implies that as the investment increases the service increases also. Thus the larger operators offer convenience, speed, re-liability, and superior service, in return for higher charges. In an unrestricted field of competition these charges will find a natural level, set by what the public



is willing to pay for high-grade services when they can get poorer services at a cheaper rate.

All of which demonstrates the futility of attempting legal regulation of automotive rates. An attempt to enforce equalization upon the myriad small carriers would entail prohibitive expense, and would be as ineffectual as the effort to enforce Prohibition. It would make bootleggers out of the small carriers. It has been claimed that the railroads are attempting deviously to force rate regulation upon the automotive freight and passenger carriers, in the effort to create an artificial situation more favorable to themselves. It is hard to believe that such an archaic attempt could be suggested seriously. If it were, the complications resulting from the amazing artificial rate structure maintained perforce by the railroads themselves, through the supervision of the Interstate Commerce Commission, should be a sufficient warning to the public.

STANDARDIZATION OF SERVICE presents different aspects. Here we face the difficulty that any person who possesses a driver's license may become an automotive carrier at will, for either passengers or freight. Stringent, enforced, legal restrictions on recognized automotive carriers would have only the result of bringing a class of outlaw carriers onto the highways. Nevertheless, legal standards of service that distinguish between the operator of a private car and the operator of a motor truck could be effective. These standards could be established and maintained by state inspec-Then the carriers operating under state authority could so advertise themselves, and if the public takes the unauthorized service it does so at its own risk. In this matter certain automotive carriers are already pointing the way. They require technical ability and character certification for their operators that is in excess of present legal requirements, though not in excess of what responsibility to the public dictates.

Other services are standardized voluntarily in the same way. With the industry itself taking the lead, such standards could be legalized and the licensing both of personnel and equipment could be based upon these standards. Car operators, for instance, would be licensed for cars of a given size, capacity, and function, somewhat as marine pilots are licensed to navigate special classes of craft. The public would have the assurance that the service it uses is of the standard it pays for. Beyond that the American public will be inclined

Continued on page 50

OUR TAXES:

The Bills We Pay for Politics

FTER THE COUNTRY begins to recover from the shock of seeing the United States Treasury faced by the threat of an unbalanced budget, with its implication of a cloud upon national credit, it will be interesting to observe the public reactions, as well as the effect of those reactions upon our future policies.

In former fiscal crises, the plight of an oppressed citizenry was portrayed in this burning epigram: "The

power to tax is the power to destroy."

We have gone far since then, and our experience has taught us something. If we were to try to outline the present *impasse*, we would say: "The power to spend is the power to consume"—like a devastating fire. For in many respects the toll exacted from an energetic and resourceful people has found its vent in waste. It has gone up the economic smokestack in the form of outlays on farm relief, Shipping Board futilities, bonus payments to ex-service men, Prohibition "enforcement," and for other purposes, leaving no more trace upon our national landscape than a melting April snow.

Former President Coolidge, in his recent Saturday Evening Post article, "Debts and Taxes," places the nation still further under obligation to him by his exposition of this vexed problem. Surveying our flounderings from "the loopholes of retreat," his penetrating discussions and wise counsel give him the stature and dignity of the Marcus Aurelius of the American

Republic.

Mr. Coolidge evidently regards some aspects of this question as rating higher in importance, if possible, than the balancing of our budget by increased taxation. Chief among these is the mounting cost of government. The figures quoted by Mr. Coolidge are largely those prepared by the National Industrial Conference Board. It was pointed out that in 1903 the approximate total cost of government—including national, state, and local expenditures—was \$1,570,000,000. That was one year less than thirty years ago.

In 1930, our governmental indebtedness—national, state, and municipal—had climbed to more than \$30,-000,000,000. Our taxes had mounted to \$10,251,000,000. But even those levies, the most stupendous that ever faced any nation in history, fell short of what we spent, as total expenditures reached \$13,058,000,000, thus implying an increased indebtedness to the extent by which

expenditures exceeded taxes.

These figures are terrifying enough, but they do not tell the story as it stands today. As Mr. Coolidge pointed out, our tax bill of 1930, amounting to \$10,251,-000,000, consumed 14.4 per cent. of our national income. It was about 3 per cent. of our total national wealth, and as such it approached dangerously near to the proportions of a capital tax—a levy that points to the broad highway leading to progressive national collapse.

But what about 1932? Total national, state, and local taxes will far exceed the levies of two years ago. When the returns are all in, the combined tax bill—not tax collections—probably will exceed \$12,000,000,000. On the other hand, our national income, all of us will agree, has shown a distressing shrinkage since the days of

By C. T. REVERE

1930. We are likely to find out that our tax bill of 1932 will approach 30 per cent. of the nation's income. What percentage of our diminished national wealth is represented by such a toll? It is perhaps just as well that we do not know. The mere conjecture is appalling.

These exhibits should show us that we have in the offing certain problems transcending in importance even the urgent necessity of balancing our budget by unearthing new sources of governmental revenue. Supreme among these is the necessity for a reduction in expenditures. No nation, however energetic and resourceful, no matter how bountifully favored by natural conditions, can permanently stand such a burden.

The debt charges alone call for an impost that is staggering. One glance at the cost of state and municipal government will convince us of this. These expenses in 1930 had climbed to \$9,116,000,000. Interest took \$1,481,000,000, and debt reduction absorbed another \$1,126,000,000. Here we have a total in excess of \$2,600,000,000. In other words, in 1930 the charges for interest and debt reduction, merely overhead items, cost our states and cities over a billion more than it took to run federal, state, and municipal governments in 1903. This is a change that has taken place in twenty-seven years.

All of us admit the need of meeting an emergency, and the imperative necessity of balancing the budget when the nation's credit is at stake. However, if one is to judge from the character of protests now coming from all sections of the country, the clear—though perhaps subconscious—conviction of the business community is that the supreme fiscal calamity would not be our failure to balance the budget, but our success in balancing it by the levy of high taxes while sustaining the present scale of public expenditure. We might collect such taxes for one year, possibly two; but we would not carry the burden for any extended period of time.

Before we get through with problems involving revenue, outlays, appropriations, expenditures, excise duties, direct taxes, indirect taxes, sales taxes, etc., we are likely to be confronted by queries to which we never before have given practical attention.

Among the misgivings that will express themselves in interrogative form, one might enumerate the following which will have to be developed into settled fiscal poli-

cies before we are through with our troubles:

1. Is not a large part of our present distress due to the tendency of our political leaders to formulate taying

the tendency of our political leaders to formulate taxing policies that will lead to social and economic equalization? Inheritance and estate taxes, levies of a more onerous nature in the higher brackets of income-tax administration, may be given as examples.

2. When we look at the items that have thrown our fiscal system out of gear, do we not find that these huge outlays were made to placate politically powerful elements, and that our political leaders, in yielding to high-pressure propaganda, virtually have dipped their own

hands into the public treasury to maintain their political existence and prestige?

3. In the last twenty years or so we have added enormously to the number of government bureaus, many of which perform overlapping functions; and salaries have been advanced in keeping with the rising cost of living. Does the failure to dispense with superfluous agencies, or to reduce the salaries of governmental employees in keeping with the lowered cost of living, mean that the country is now saddled with a bureaucracy that can scoff at the distress of the Amer-

ican taxpayer?

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4. When we come to consider the sources of revenue, are we not likely to find that the federal tax structure has marked elements of fundamental weakness, and that we have been relying too much upon sources of income that were uncertain and subject to dangerous and troublesome variations? The present form of administration of our income tax furnishes a case in point. Two years and more of depression have shown that we cannot safely depend upon a levy obtained from such a relatively small group whose individual fortunes are subject to such appalling fluctuations.

5. If we broaden the base of our income tax levy, will we not find at least three most salutary results ensuing therefrom: (a) a more stable source of revenue,

subject to less sweeping variations; (b) a keener sense of responsibility among our citizens toward public expenditures; and (c) a consequent and most wholesome restraint upon Congress in respect to appropriations

from the public treasury?

Undoubtedly there are many other queries that will arise in the public mind, and all should work eventually toward the development of a sounder fiscal program, less extravagance on the part of nation, state, and city, and the formulation of taxation policies that will be more equitable and produce the minimum of unfavorable reactions upon our capital structure.

A T THE MOMENT, the interest of the nation is concentrated upon the position of the United States Treasury. The formula setting forth both the misgivings and the amazement of the American people may be expressed largely as follows: What created the deficit? The answer is simple. Revenue sources broke down at a time when expenditures were exceeding all peace-time precedents.

Revenue proved to be disappointing because of the fluctuating character of its source. Only a year ago the official Treasury forecast saw a deficit in 1931 of approximately \$180,000,000. It estimated that for 1932 there would be a surplus of \$30,000,000, with no apprehension expressed that for 1933 the Treasury position would be anything but comfortable.

In order to show the unforeseen difficulties confronting the Treasury officials, it might be stated that the deficit for 1931 was nearly a billion dollars and that for 1932 it will be in the neighborhood of \$2,150,000,000. It now appears that the estimate made a year ago of revenue from income taxes for the current fiscal year was

about \$1,140,000,000 more than will be obtained. This experience alone should demonstrate the fallacy of placing major reliance on a source of revenue that can dwindle with such disconcerting rapidity.

The items causing the deficit can be picked out of the second and third pages of the report of the House Ways and Means Committee on the Revenue Bill of 1932. Since the fiscal year 1930, when we last had a balanced budget, there is an estimated decline in corporate and individual income taxes alone from approxi-

mately \$2,200,000,000 to \$850,-000,000. This is a loss of \$1,350,-000,000. Total revenue from all sources shows a drop from \$4,-178,000,000 to \$2,242,000,000, a decline of almost \$2,000,000,000. The item of "miscellaneous receipts" shows a drop from \$552,-000,000 in 1930 to \$265,000,000 in 1932. Most of this is explained by the current year's moratorium on foreign debt payments.

If one is looking for extraordinary items of expense for 1932, he can find them in an extra appropriation of \$200,000,000 for loans to veterans, \$155,000,000 actual advances by the Federal Farm Board, a postal deficit of \$195,000,000, and an item of \$784,000,000 for the Veterans' Administration. This latter is in addition to the extra \$200,-000,000 in loans.

In connection with the allocation of the veterans' administra-

tion, some interesting testimony was given by General Hines in the hearings on the Independent Offices Appropriation Bill:

Up to the beginning of 1932, \$1,284,000,000 actually had been loaned. Only a comparatively small portion of this shows up in the budgetary estimates, for the reason that since the Adjusted Service Certificate Act was passed, in 1924, approximately \$112,000,000 had been appropriated each year to this fund. The fiscal effect has been to retire the outstanding public debt by that amount and place it in the fund in the form of Government bonds, bearing interest. When the loan legislation went through, these bonds (or, rather, marketable bonds as substitutes) were sold. Thus, while this \$1,200,000,000 figure did not show up either in the public debt statement or in the budget, except as already indicated, the Treasury had to borrow that much money.

In the official statement of the Ways and Means Committee report and elsewhere, on expenses for the current fiscal year, no mention is made of withdrawals from the Treasury by the Reconstruction Finance Corporation, or by the Farm Loan Board on the new \$125,000,000 appropriation. The first quarterly report of the Reconstruction Finance Corporation shows that \$238,000,000 of loans had been authorized up to March 31, of which \$192,000,000 actually have been withdrawn from the Treasury.

Among the expenditures, it is just as well to bear in mind the donation of the United States Government to the various states for road construction, included in the expenditures of the Department of Agriculture. The actual money available for this purpose during the fiscal year 1932 is around \$160,000,000. The system employed in making these disbursements is interesting. It also



By Darling, in the Des Moines Register

FIND THE MAN WHO PAYS FOR THE CAR

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may be confusing to the uninformed American taxpayer. For several years Congress appropriated \$75,000,000 a year, and two years ago they raised the figure to \$125,000,000. For the past two years the expedient has been adopted of "edging up" on future appropriations, granting in advance the money that the states might expect in future years. The actual expenditures for the current fiscal year thus approximate \$160,000,000.

No business enterprise in a period of declining earnings, and with an unfavorable outlook, would think of following any other program than that of drastic retrenchment. There is little indication that such a course will be followed in respect to government expenditures. Governmental economy presents our most baffling problem. There are plenty of protests against specific taxes, but there are few specific recommendations when it comes to instituting economies. The President has made a general appeal for the practice of economy, and this was met by a challenge by Congress to show where curtailment could be put into effect. The latest development has been a joint proposal for a slash amounting to \$160,000,000, as a result of conferences between the Executive and House leaders.

Just why the salaries of federal employees should be considered immune from downward revision, when practically every other element in the community has suffered radical curtailment of income, is one of the unsolved mysteries of politics. Another enigma that passes understanding is the immortality of bureaus that long since have outlived their stage of usefulness and still show no signs of disintegration.

GOVERNMENT COULD LEARN something from business in the matter of devising economies. Individual business would compare present with past expenses, and endeavor to ferret out the items responsible for the increased outlay. The pruning knife would be applied to such increases unless it could be shown that they were productive or otherwise imperatively essential to the conduct of operations.

No better illustration of how well-managed private concerns would proceed can be furnished than to present a portion of the letter issued on April 8 by Lammot duPont, president of E. I. duPont de Nemours & Company. In this letter, Mr. duPont gave a tabulation, reproduced at the bottom of this page, prepared from the

latest annual report of the Secretary of the Treasury, comparing governmental expenditures by main subdivisions for the fiscal years 1927 and 1932.

In offering this formidable exhibit, President duPont made the following comment:

"To finance these ever-increasing disbursements, Congress is now planning huge additional taxes to be paid for out of the already shrunken income of prostrate industry and individuals.

"Taxes levied upon corporations and other producers increase the cost of their products. Higher costs lessen sales, slow down industry, increase unemployment and want; all of which drive costs still higher and further increases distress. Taxes upon individuals have a similar effect by curtailing their capacity to purchase the products of industry.

"It is lower costs and higher purchasing power which we need today, perhaps more than ever in our history. Why are industries and individuals, which must reduce their expenditures to meet the depressed conditions, saddled with ever-mounting taxes to cover the ever-increasing expenditures of the national government? Why should the confidence in the financial security of the government itself be jeopardized by extravagance? Why does not Congress balance the budget by reduction of expenditures through efficient operation and the curtailment of non-essential services and functions?"

Washington opinion, which perhaps is too close to the scene, is decidedly cynical on the subject of government economies. In its April issue, the National Sphere (Washington) said: "The most pathetic thing in Washington at the moment is the movement to reduce government expenditures. It is pathetic because it is making a loud noise and no progress. . . . Were the matter not such an extremely serious one for the welfare of the American people, the situation would be little short of ridiculous. As "it is, there is a lesson: The reduction of expenditures on projects and agencies once started is an impossibility. There is also a moral: Don't start new governmental projects or agencies."

Such cynicism is too tragic. If it has even a modicum of verity, it questions the fundamental validity of democracy. It makes a farce of Lincoln's noble panegyric at Gettysburg, and warns of our vanishing birthright—that this republic is fast becoming a government of the politicians, by the politicians, and for the politicians.

1927	1932	Increase	% Increase
TOTAL EXPENDITURES\$3,493,600,000 Less—Interest and Sinking Fund Payments (statutory) 1,120,500,000 Less—Miscellaneous—Not included in major departments 409,100,000	1,016,800,000	\$ 988,600,000 103,700,000* 138,800,000*	28% 9* 34*
BALANCE—which was expended by major departments, commissions, etc., as follows: \$1,964,000,000	\$3,195,100,000	\$1,231,100,000	63%
Department of Agriculture\$ 156,300,000	\$ 333,500,000	\$ 177,200,000	113
Agricultural Marketing Fund—net (Farm Board)	155,000,000	155,000,000	
Post Office Deficit	195,000,000	167,700,000	614
Treasury Department	312,900,000	161,300,000	106
War Department 360,800,000	483,700,000	122,900,000	34
Navy Department	378,900,000	60,000,000	19
Shipping Board	60,800,000	41,800,000	220
Department of Justice	53,800,000	29,000,000	117
Department of Commerce	54,700,000	23,800,000	77
Other independent offices and Commissions 35,400,000	57,600,000	22,200,000	63
Legislative Establishment	32,400,000	12,700,000	64
Department of Labor	14,100,000	4,200,000	42
Adjusted Service Certificate Fund	200,000,000	84,800,000	74
Veterans' Bureau (Veterans' Administration since 1930) 391,500,000	784,400,000	392,900,000(A)	100
Interior Department	78,300,000	224,400,000 (A)	74*
Total of Major Departments, Commissions, etc\$1,964,000,000	\$3,195,100,000	\$1,231,100,000	63%

⁽A)—Since the Bureau of Pensions was transferred from the Interior Department to the Veterans' Bureau in 1931, in order to make a fair comparison with 1927 it is necessary to combine the expenditures of the Interior Department and the Veterans' Bureau for each period, which results in an increase in expenditures in those two divisions of \$168,500,000 for 1932 as compared with 1927.

Cincinnati Shows the Way

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By RUSSELL WILSON

MAYOR OF CINCINNATI

UR AMERICAN civilization cannot much longer stand the waste and corruption of municipal government administered by local political organizations that claim adherence to a national political or-Behind the party shield things are done that no national party espouses: graft in public contracts, the devising of specifications so that favored ones shall receive contracts, the performance of such contracts so that private profits shall be at the expense of the public treasury, the administration of laws and ordinances for the benefit of the privileged, the connivance of the police with racketeering.

Common honesty is commonly ignored, and its breach rather than its observance is accepted as a matter of course in some of our great cities. Waste and corruption are regarded as the price we must pay for our local adherence to national party ideals, whatever that may mean. But there is no difference between a Republican boss and a Democratic boss. They are both after the same thing in the same way. The most truly nonpartisan thing in our politics is corruption and waste in municipal government. Move the Philadelphia Republican gang to a city that happens to be dominated by a Democratic gang, and its members would become regular Democrats overnight.

In Cincinnati we were for many years under the domination of a Republican organization presided over by the late George B. Cox. He knew how to strike at men's pocketbooks. Business men and professional men crooked the pregnant hinges of their knees because that was the way to commercial protection and privilege and advancement as lawyers. The ideals of young men fresh from college withered at his touch. He relinquished his scepter to more flaccid hands, and then followed a deterioration in leadership that helped to reveal the evils of bossism. In his articles entitled "The Shame of the Cities," Lincoln Steffens listed Cincinnati as "the worst governed city." With the passing of the years our shame deepened.

Then something happened. To appreciate it we must go back to the Ohio Constitutional Convention of 1912. We were then going through a period of liberalism, and convention submitted a municipal home rule amendment to the people of Ohio, who adopted it. Any city could thus create its own charter. Cincinnati did adopt a new charter, but it was a poor thing. Incorporated in it was the so-called "strong mayor-large counplan. Twenty-six councilmen were elected from wards and six were elected at large. With few exceptions the councilmen acted as a political herd and not

The government of Cincinnati went from bad to worse under a charter that sought to retain the two-



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RUSSELL WILSON

party system, which was really a one-party system because of the preponderance of Republican voters. Gradually distrust by citizens became so great that they laid their hands on the only weapons of defense against inefficient and predatory government—the refusal to vote for proposed bond issues and extra tax levies. Thus the city government was denied not only money for permanent improvements, but for current expenses. Instead of turning to the other party, the people adopted the negative expedient of refusing money. They starved out their own government.

Then appeared the movement that created the present charter. It was decided to try the experiment of changing the form of government instead of the party labels, and to seek non-partisanship in municipal administration. The leader of the fight against the adoption of an extra levy was Murray Seasongood, a prominent lawyer, who became the first Mayor under a new charter and is now president of the National Municipal League. With him were associated Henry Bentley, who has for seven years been chairman of the charter committee, Charles P. Taft II, Ralph Holterhoff, and a host of men and women who dedicated themselves to the cause of good municipal government.

A charter was proposed that provided for a council of nine, elected at large and by proportional representation. They were to elect one of their number as mayor, who should receive \$1000 in addition to the salary of a councilman, \$5000. Council was to choose a city manager, who should receive a salary of \$25,000 a year and hold office until he resigned or was removed. Upon the city manager would devolve all administrative duties, his power of appointment being rigorously restricted by a civil service commission, which would carry out the spirit as well as the letter of civil service reforms.

There are three essentials of successful city manager government: A city manager who holds himself aloof from local politics and its baneful influences. Second, a sympathetic council, with a mayor who will fight, as spokesman for council, for the ideals and the practice of non-partisanship. Third, there must be a real civil service commission.

There was an inherent advantage in the small council of nine. In Cincinnati the same group that espoused the

adoption of the new charter maintained its organization and went before the people with nine candidates pledged to carry out the spirit as well as the letter of the charter. This group has derisively been called a "party" by the local Republican party; and so it is, for purely local party purposes. It is a party that says that there shall be non-partisanship in municipal affairs, whose members ask nothing for themselves and everything for the city. It has ward and precinct executives none of whom is an office-holder. It has numerous other political workers who receive nothing except the satisfaction of maintaining good government in Cincinnati. There is no pecuniary compensation except to a few permanent employees in the charter headquarters. Just as citizens were organized during the war for Victory Loan purposes, just as citizens now organize for community chest purposes, so the citizens of Cincinnati have organized for good government.

When the charter government assumed power on January 1, 1926, the demand was insistent that the horde of office-holders, satellites of the Republican organization, be turned out and "good charterites" be put in their places. Then something happened which was unprecedented in our municipal politics. The five thousand office-holders were told that they might keep their places on condition that they abstain from political activity and contribute no money to any political fund, Republican, Democrat, or Charter. They were required to give all their time to the city's service and to keep all their salaries. It worked. The standard of service has been raised to that of a private corporation, and the turnover has been less than that of the average private corporation. The employees of the city have acquired a self respect they never had before, and the organization has been deprived not only of campaign funds, but of thousands of workers at the polls. Meanwhile vacancies have been filled from lists Civil Service Commission. furnished by a new

When it came to choosing a city manager, the new council went far afield. It chose a man who was not a resident of Cincinnati and had no "entangling alliances" to vitiate his administration. Colonel C. O. Sherrill was a graduate of West Point, had devoted his entire career to the army, and at the time of his selection was Commissioner of Parks and Public Buildings in the District of Columbia. As City Manager he worked hard and with dramatic effect. He seemed to bring order out of municipal chaos, and physically the city improved under the very eyes of Cincinnatians. And, better still, there was a new civic pride engendered. After service of over four years, Colonel Sherrill resigned to become a high official of a great corporation, and the council was forced to look for His national a successor. politics had never been declared, and I do not now

know whether he was a Republican or a Democrat. So it is with his successor. C. A. Dykstra had been head of the department of government in the University of California and had occupied two high positions in the government of Los Angeles. All we of council knew was that he was conversant with both the theory and the practice of municipal government. That was enough. We left his national politics unrevealed, and chose him entirely because of his potentialities as a successful City Manager. He has amply justified our confidence. He is an excellent business man, he is a graceful speaker, and he handles men well because he impresses them with his honesty and sincerity.

Now what have these two city managers accomplished, in conjunction with four sympathetic councils elected by the people? In the first five years under the present charter almost twice the length of streets was paved as in the ten preceding years. In the sewer department great projects were consummated. The appropriations for the Board of Health were greatly increased and for the park board more than doubled. A recreation commission was created and financially maintained. Public improvements such as boulevards and viaducts have been constructed. The major portion of the city's unemployment relief in 1931 was not accomplished by issuance of bonds, but by drastic cuts in administration costs. The relief was dispensed not by politicians, but by trained social workers.

All this has been accomplished with a reducing tax rate, which for 1931 is \$9.10 per thousand for city purposes, the lowest rate of any city having more than 300,000 population. It has been accomplished with a decrease of \$2,389,061 in the non-self-supporting bonded indebtedness since 1925, which includes a reduction of \$802,262 in 1931 alone.

While a sympathetic council is essential, the City Manager himself is the unique feature of the small council-city manager form of government. He occupies the relation to a municipal corporation that a president

or general manager does to a private corporation. He is required to be just as efficient; he is required to be just as honest. The approach by a citizen to a City Manager is entirely different from his approach to a politician holding a public position by sufferance of the invisible government. He has business to do with the city, not the seeking of illicit favor or unfair privilege.

Once the citizen's adaptation to the new order of things has been accomplished, the affairs of a city move with the facility of the business of a well-managed corporation. With a centralized purchasing department, a man knows that he can bid for a contract with the confidence that the city wishes to buy the best and the cheapest and not to fatten a political favorite to whose bid the specifications are adapted. Contractors know that no

Continued on page 47



C. A. DYKSTRA, CITY MANAGER OF CINCINNATI

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The Reich Says "Hindenburg"

By ROGER SHAW

N APRIL 10, Paul von Hindenburg -aged 84-defeated Adolf Hitler and Ernest Thaelmann in the final German presidential election. President Hindenburg will now serve a second seven-year term-till 1939. The vote stood: Hin-(Non-partisan) denburg Hitler (Fascist) 19.359.642: 13,417,460; Thaelmann (Communist) 3,706,388. In a German final election, a plurality is all that is needed to win.

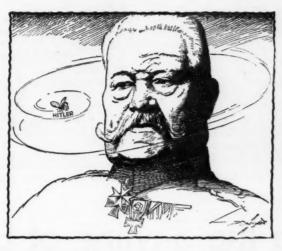
Hindenburg was endorsed by the People's party of big business, the Economic party of small business, the Catholic Center, the free-trade Democrats, and the labor-union Social-Democrats. Hitler's Fascists call themselves National-Socialists or "Nazis"; but as a matter of fact they are violently anti-socialist. Thaelmann's Communists are affiliated with the Third Internationale of Moscow. Their slogan was "Free China!"

Foreign press comment on the Hindenburg victory was interesting and instructive. British and American newspapers were delighted at the triumph of Old Paul, and the nationally representative Manchester Guardian and New York Times were especially congratulatory to the forces of order and progress. The French pacifist press shared in the Anglo-American enthusiasm; but the French militarist journals, which are in the majority, declared sadly that Hindenburg was only the lesser of two evils. Hitler, they said, opposes reparations payments because he believes them unjust; Hindenburg opposes them because he is muddle-headed.

The Italian press was frankly favorable to Hitler, the brother Fascist; and while it mourned his defeat, it gloried in his strong electoral showing. Russia was pleased by Hindenburg's triumph, for relations between Republican Germany and the Soviets have always been cordial. Had Hitler, a professed red-baiter, come into power, a vigorous anti-Soviet policy would doubtless have been inaugurated by his Fascists. Sentiments expressed by Europe's small democracies were naturally pro-Hindenburg, from Bergen to Barcelona.

In the first election, held March 13, President Hindenburg led with a vote of 18,661,736. Hitler ran second with 11,328,571 ballots. Ernst Thaelmann received 4,971,079 votes; and Colonel Theodor Duesterberg, backed by the Steel Helmet Society of war veterans, polled 2,517,876. Gustav Winter, who happens to be in jail, got the vote of 181,115 malcontents. His platform demanded redemption of the inflated post-war marks.

To win the presidency in this first election, Hindenburg would have needed an absolute majority of all votes cast. There went to the polls no less than 37,660,-377 German voters (men and women over twenty years



OLD PAUL AND THE

From the Glasgow Evening Times

old); and Old Paul lacked but 170,000 votes for a decisive victory. It was obvious however that on the second election, when a bare plurality is all that is necessary to win, he could not fail to triumph easily.

Ernst Thaelmann, a presidential candidate in the March and April elections of 1925, is a middle-aged transport worker of Hamburg. A North German "Jacksonian," he affects rough worker's

clothes and knows how to make sturdy proletarian speeches to his Moscow-minded constituents. He is highly respected. Colonel Duesterberg is a bemonocled ramrod. He withdrew after the first election.

Of the thirty-three German electoral districts, on the first election, Hindenburg carried thirty-with absolute majorities in eighteen of them and pluralities in twelve. Hitler carried only three districts: Schleswig-Holstein, Pomerania, and Chemnitz-Zwickau in Saxony. The last named is Germany's textile center, hard hit by depression. Hindenburg carried Berlin with 1,308,000 votes; while Thaelmann there ran ahead of Hitler, 685,000 to 665,000. Hindenburg also carried Munich, headquarters of German Fascism, and Hamburg, headquarters of German Communism. It was a strange paradox that Hitler, who is a Catholic Lower Austrian, ran strongest in the Protestant North; while Hindenburg, the Protestant Junker, made his strongest showing in the Catholic South. The Crown Prince, an active Steel Helmet, supported Colonel Duesterberg; while Prince August William, a Fascist, spent election day motoring Hitler voters back and forth to the polls in fashionable Potsdam.

Perhaps the most amusing incident of the campaign occurred at Dietramszell, Bavaria. Dietramszell is President Hindenburg's favorite summer resort, and the old chief is much beloved by the warm-hearted natives. Hitler carried the village, 228-157, to the mystification of all. Then the hideous facts came out. Hitler managers had packed Dietramszell with Fascist excursionists, whose votes thwarted the villagers. Their purpose was to hurt Herr Hindenburg's feelings!

The Communist vote failed to reach its expected total. Thaelmann was the only "left" candidate in the lists, and it was thought that many social-minded voters would swing to his support as against the three opposing "right" candidates. The swing did not materialize. Hitler has increased his vote by seven millions since the Reichstag election of 1930, a gain of over 100 per cent. In the opinion of this writer, however, he has reached his peak; and the presidential elections of 1932 have seen his repudiation by almost two-thirds of the Reich.



THE MEANDERING CITY OF CRACOW IN WEST GALICIA

Riding the Skyline of Europe

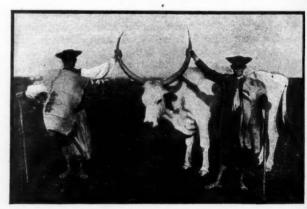
By GEORGE E. WHITE

President of Anatolia College, Saloniki, Greece

"ARE YOU TAKING a tri-motor monoplane?" asked five-year-old John at breakfast one hot August morning. "I'm telling you, a tri-motor monoplane is all right. My Daddy said so." But little John is interested in several kinds of transportation, and he quickly ran out to see if the workmen grading the campus had brought a donkey for him to experiment with during the day.

Thessaloniki, or Saloniki for short, suffered heavily as a base for tremendous military activity during the World War. But one item to the good in the heritage of the city, which is rapidly rebuilding and growing like Chicago after its great fire, is the military airport, transferred now to the use of commercial aviation.

This great airport on the edge of the city is an astonishing place. It is remarkably suggestive of a big division station on some great American railway. On our arrival a whole fleet of aircraft of assorted types greeted our eyes. Every few moments the mechanics wheel one plane out of the hangar or wheel another inside, for all the world as railroad engines are handled into and out of a roundhouse. Every few moments a plane takes off on a trial flight or for the better training of pilots, and every few moments also a plane lands on the field, often on three points, showing that the pilot probably got his training as a military aviator. Now the workmen are getting out an airship larger than most-yes, it is a tri-motor monoplane. The lettering in English on the side states that it was "made in Poland," and that it flies between Saloniki, on the Ægean Sea, and Danzig, on the Baltic. It is routed via Sofia, Bucharest, and Warsaw, the capitals respectively of Bulgaria, Rumania, and Poland. Our tickets read via this through line which has recently been established by the Polish Government, and it is a really great interna-



ON THE PLAINS OF HUNGARY

tional enterprise. It is already after ten o'clock, and the connecting plane, leaving Athens right after morning coffee, is due. Our plane is ready, the motors are whirling, the baggage is stowed away. Formalities regarding passports and customs duties are quickly finished. Two hearty Polish pilots climb with reassuring smiles into the cock-pit. Seven passengers are awaiting word to enter the open door. The agent explains that we are waiting for "one wife" from Athens. Here is a plane dropping from the sky, and an experienced bystander remarks that it is the Greek plane from Athens. Watch it make its landing. Yes, here comes the "one wife"—all aboard—places for eight are filled—and we are off!

Off! In no time at all we are four thousand feet high, up beside the peaks of Mount Hortiati, which parties from the College love to scale on all-day hikes. A Picturesque Bulgarian Village on the River Yantra

The blue Ægean, flecked with the white sails of the fishing boats and inter-island coasting vessels, recedes into the distance behind us. We are soon over the jagged Balkan mountains-six thousand-seven thousand -eight thousand feet high, as my pocket aneroid barometer, which I used on many a mountain ride in Turkey, clearly indicates. There are some thrills up here, a mile or more above the earth, when the plane hits an air pocket or is caught in cross currents of air and pitched about like a cork on rough water; but I have no fatalities to report, and I must say flying low in calm weather later over

the broad prairies of Central Europe is a wonderful experience. But here we are, already landing in Sofia, one hundred seventy-five miles, and one hundred and

ten minutes, from home!

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The Eurasian Continent is notched or puckered in, as it were, by a cord or belt across Eastern, or, more truly, Middle Europe, on a line between Danzig on the Baltic and Odessa on the Black Sea. The distance is about half of that from the top of Denmark to the toe of Italy on a line across Europe further west. The Norse sailors of the Baltic pushed their way up the Vistula River from Danzig, and then down the Dnieper River to Odessa, so reaching warmer waters and the Mediterranean world. In the reverse direction the Argonauts, the hero sailors of the old Greek legends, sailed up the Dnieper and down the Vistula in quest of amber, and amber is the first article which tourists are urged to buy along the Baltic coast to this day. But Odessa, secluded in Russia behind the Dardanelles waterway, is inaccesible now, and Polish aviators approaching the southern fringe of Europe naturally deflect their course a little westward and fly a little farther on to the alternate terminus at Saloniki. There is talk of linking up national railways and building international bridges, and so organizing a railroad system that will follow the route of the airplanes. Meantime, it is pleasant that travel by plane is cheaper than travel by train. At Saloniki travel and trade connect with through railways, and meet saltwater shipping from all points of the compass.



ON THE DANUBE NEAR MOHAES, HUNGARY



C Keystone

Saloniki is the capital of Macedonia, a province recently restored to the Greeks. Bulgaria, Rumania, and Poland are the other countries reached by this Polish airline. To these the free city of Danzig, firmly seated on both banks of the mighty Vistula River, at its mouth at the northern terminus of the airway, and Hungary which is reached by a most attractive side trip on the majestic Danube River, should be added. My recent and first sky riding gave me a close-up view of these fair lands, their capital cities and their common people. These are the countries which constitute the major part of Mitteleuropa, so much discussed in connection with the World War. Add three small Baltic states on the northeast, Lithuania, Latvia, and Esthonia, formerly part of Russia; two Adriatic states in the southwest, Jugoslavia and Albania; and Czechoslovakia which lies on the Danube between, and Mitteleuropa is clearly outlined. Over the horizon to the east are great Russia and the undaunted Slavs; over the horizon to the west are Prussia, Austria, and the virile Germans.

Within this Mid-European area, from the days of the Roman and Byzantine empires, Mongol, Teuton and Slav have pushed each other and struggled for the mastery; have fought and fallen, risen and fought again, until November 11, 1918. Look backward, and with a little imagination your eye can see the host of Attila, the "Scourge of God," overspreading this region, and shaping a vast but quickly dissolving empire fifteen centuries ago. Not long afterward appeared the Bulgarians from the region of the Volga River, who conquered and constructed for themselves a permanent home on the south shores of the Danube. A thousand years ago came three hundred thousand Hungarian horsemen with their families, and founded the Hungarian nationality. In 1683 the Ottoman Turks reached Vienna, half-way from Constantinople to London; but they never took Vienna, and the Turks have been a slowly and unwillingly receding tide over southeastern Europe for two hundred and fifty years. All these peoples were by origin branches of the Mongol family stem whose true homes were in the recesses of farther Asia, but they have gradually assimilated other blood and have been themselves assimilated to the European type of man. Only occasionally does one see a person with the high cheek bones, ruddy countenance, and slit slant eyes, the dark, sad eyes that betoken Mongol

Continued on page 52

A SURVEY OF THE MONTH'S MAGAZINES



By Sykes, in the New York Evening Post

APAN'S CONFLICT with China holds first place among subjects discussed in current magazines. Journalists, scholars, and students of Far Eastern affairs, having had time for mature consideration, are now able to present an analysis of a situation which reflects little credit on western diplomacy.

These writers are agreed that the roots of the trouble extend back into history. In her present course of action in Manchuria, Japan has stated frequently that she seeks merely the fulfilment of her rights under the treaty of 1915. The introduction to K. K. Kawakami's new book, "Japan Speaks on the Sino-Japanese Crisis", written by Prime Minister Inukai of Japan, may be taken as a semi-official statement. In part Mr. Inukai says:

"No nation can be more glad than Japan herself when the regrettable situation is brought to an end. The intervention was not of our own seeking; we were forced to a position where we had no other course. We shall bend all our efforts to bring about its speedy termination. The Shanghai affair was unexpected and accidental; it is not an extension of the Manchurian intervention.

"Meanwhile the world may rest assured that we seek no special privileges either at Shanghai or in Manchuria. Since the beginning of the intervention we have concluded no new treaties, nor have we secured any new concession. All that we seek is the enforcement of the old agreements, which have wilfully been disregarded either by the Nationalists or by the old Manchurian régime, or by both."

To understand the treaties of 1915, it is necessary to review briefly Japan's rise to power in the East. It will be remembered that Japan isolated herself from the rest of the world until she found Commodore Perry's fleet in the

Japan's Venture In China

harbor of Uraga in 1853. There followed a period of feverish imitation of the industrial nations of the West. With an increasing population and demand for raw materials to supply her growing industries, Japan looked covetously toward the undeveloped resources of Manchuria. China resented Japan's determination to gain concessions on her territory even more than she resented the encroachments of western nations.

President A. Lawrence Lowell of Harvard University reviews the steps which led to the treaties of 1915 in Foreign Affairs. The first Sino-Japanese War terminated by a treaty in 1895 in which China ceded to Japan the Manchurian peninsula of Liaotung. A short time later this territory was restored to China under pressure from the western powers. In 1895, too, China acknowledged the independence of Korea, which was annexed to Japan fifteen years later. In 1896 China made a defensive alliance with Russia, giving Russia the right to build the Chinese Eastern Railway, and a twenty-five year lease on Liaotung. Japan's belief that Russia owned this territory led to the Russo-Japanese War, Russia's defeat, and Japan's return to power in Liaotung. Says Dr. Lowell:

"So the matter stood for ten years, when Japan made her famous twenty-one demands on China, which, under pressure from the United States, were somewhat modified, but took shape in the treaties of May, 1915. These recognized Japan's position in Manchuria as naturally predominant, and extended the lease of the Liaotung peninsula to 1997, that of the South Manchuria Railway to 2002, and of the Antung-Mukden Railway to 2007; besides revising and enlarging the agreements about loans, mines, and land leases.

"The validity of these treaties China has always contested, on the ground that they were obtained by duress. But this was not all. Japan claimed that by a secret protocol to the Treaty of Peking in 1905 the Chinese engaged, in order to avoid competition, not to build railways parallel to the South Manchurian lines. At the time of this writing no official texts of the protocals have been published (nor any text until 1930), and the Chinese deny that, if ever made, they have any force whatever."

All this is the basis of the present tangle in the East. China resents the inroads on her territory. She resents the treaties which allow Japanese rights in Manchuria. She cannot fight in her present condition of disorganization. Her only weapon is the boycott.

Writing in Asia, Rodney Gilbert tells the history of the boycott. Mr. Gilbert is a newspaper man who lived and traveled in China for seventeen years. He recalls that the boycott was first used against the United States in 1905 after the dispute over the immigration treaty. At that time the United States took the attitude that the boycott "was not only an act in restraint of trade for which the central government was responsible, but, according to international law, a hostile measure tantamount to an act of war." This first boycott was soon checked, but since then there have been eight anti-Japanese boycotts and one anti-British. Each of these is secretly backed by the government, according to Mr. Gilbert, and it has been recognized for a long time that someone would have to use force to stop a boycott. Otherwise no nation, dependent on China as a market for her goods, could hold China to a treaty agreement. The boycott as practised by the Chinese, is strong enough to destroy the trade relations between China and Japan, for example. And China is Japan's largest market.

Just how aggravating a boycott may be, not only to Japanese, but to the Chinese and foreigners in a city, has been related in letters to the Atlantic Monthly. Mrs. Nora Wain, a magazine correspondent, and long a resident of Tientsin, writes from there:

"There is no abatement in the activities of the Anti-Japanese Society. This morning I was in the shop of Ping on the Taku Road when a pretty little Chinese girl about four years old, dressed in pink silk trousers and coat lined with white rabbit, came in holding fast to her nurse's hand. The child told Ping that her uncle had given her a dollar and she wanted to purchase a doll. She inspected Ping's dolls and finally chose one with a chubby body which he assured her could be washed all over. . . .

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"Ping's clerk was wrapping up the doll when two anti-Japanese Scouts arrived. They were exceedingly self-assured schoolboys of perhaps fifteen or sixteen years. The elder took the parcel from the clerk, examined the doll, and said it was made in Japan. Then, despite the protests of the child and her nurse, he tucked it under his arm and joined his

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companion in pulling merchandise from cases and shelves. They pronounced this and that Japanese-made, and threw other goods carelessly on the floor, trampling over them so that Ping's tidy shop was soon in a disgraceful state. Ping stood by, impassive. There was a policeman on duty at the corner; the shutters of the glass-fronted shop were down, so that he could easily see what was going on, but he did nothing.

"When the Scouts had gathered together spoils enough to 'teach a lesson, cotton cloth, knitting wool, spools of thread, bath towels (which plainly bore the woven-in trade-mark of a local Chinese factory), candles, bedroom slippers, and two crates of Swedish matchesthey directed the frightened young clerk to pile the merchandise in a heap in the center of the Taku Road. Traffic was diverted to make room for it. The elder Scout laid the doll on top of the pyre while the second set the whole mass ablaze by putting one of the lighted candles under each crate of matches."

Whether or not historians accept the charge that a portion of the South Manchuria Railway, under Japanese juris-diction, was blown up by Chinese soldiers and bandits on September 17, and that it was therefore necessary for Japanese troops to occupy Mukden, it cannot be denied that the Japanese were singularly well prepared for the move, and that firm action in Manchuria was enthusiastically supported in Japan. There followed the continued occupation of Chinese territory by Japanese troops, Japan's protest that she sought only her rights under treaty, Chinese counterprotests that they could not confer on treaties while Japanese troops occupied Chinese territory.

A bewildered League of Nations, receiving conflicting reports, demanded that Japan withdraw her troops within the railroad zone. Japan replied by saying that she would withdraw as soon as it was safe. To her, safety meant the establishment of a government which would protect her nationals, and she continued to go her way in Manchuria without interference from the League or the western nations. She is already having her own way in Manchuria, where new local governments friendly to Japan have been set up.

What Japan is doing in Manchuria she hopes to do in the rest of China at some time, Lincoln Colcord, who writes in Harper's, believes. Mr. Colcord is a novelist whose family have sailed ships to China for generations, and who is himself familiar with Chinese affairs.

"Another step forward has been taken in the fixed policy of the Japanese nation to dominate the life of the Chinese nation," writes Mr. Colcord. "The means by which virtual control of Korea became administrative control and actual possession, as years passed and one step naturally led to another, are going to be repeated in China on a larger scale.

'In diplomatic language, Japan is now assuming the hegemony of the Orient. From the Japanese standpoint this assumption is inevitable; Japanese hegemony has been a fact in the Orient for many years in terms of potential power. The time has now come to loose this potential power and see how far it actually extends. The whole force of Japan's national sentiment and ambition is behind the effort. And it is an effort which is bound to succeed in the end unless China can oppose to it a superior front of mass psychology and military power. . . . "Unless forced by circum-

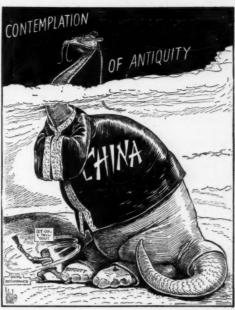
stances, it is a foregone conclusion that Japan would never be unwise enough to seize the government of China and attempt openly to rule the nation. A friendly government that will do her bidding, Japanese advisers in all key posts, supervision over public finance and the police force, and freedom of economic penetration can be stated with some confidence as her main objectives. These were disclosed pretty clearly in the Twenty-One Demands of 1915. They would give her all the control over China she wants, without bringing administrative responsibilities which she naturally does not care to assume. They would re-

duce China to a secondary power and raise Japan to full prestige and influence in the Orient. The complete triumph of Japanese plans in Manchuria has already gone a long way in this direction.

As to the Shanghai affair, the Japanese themselves are unable to understand why the world is upset by their attitude. The move was provoked by boycott, they claim, and Japan is doing what any other nation would do under similar circumstances. Be that as it may, there is no doubt that Japan and her people are gripped by the war spirit at present. Sherwood Eddy, an experienced observer of eastern affairs as Y. M. C. A. secretary for Asia, and just returned from China, writes in the Christian Century that he found in Japan propaganda similar to that used in Europe and America during the World War. There are pacifists and Communists in Japan, but these are controlled by rigorous censorship. Liberal opinion is not tolerated. The people have put in a military party, headed by Premier Inuki, displacing officials more apt to give ear to the viewpoint of other world powers.

THE OUTLOOK is distinctly gloomy.
Mr. Eddy sees Japan pursuing a course which will terminate in the division of China. He sees the interior of China gripped by Communist revolution before finally adhering to Moscow. He sees Japan pitted not only against the hordes of China, but finally against the military forces and vast resources of Russia.

Mr. Colcord believes that Japan is able to conquer China at present, but that her conquest will result in Japan's eventual downfall. For in the long run China has the qualities which will endure. Pearl Buck, author of "The Good Earth" and a resident of China, writes in the Yale Review and the Cosmopolitan this month. She recalls that other nations have attacked and conquered China only to be swallowed up in her vastness. A similar fate awaits Japan.



By Ireland, in the Columbus Dispatch Most of China Doesn't Know There's a War

Upton Close, author of "The Revolt of Asia," in an article in Cosmopolitan looks forward to a new arrangement in world alliances and treaties as a result of this struggle. The boycott has been proved a more powerful weapon than war already, he thinks. In the new era of the Pacific, the East will be dominated from Moscow. Europe will be held together in an economic union, and the United States, with Canada, and possibly the nations of Central and South America, will form their own economic union.

As to the League of Nations, the Paris Pact, and the Nine Power Treaty, the consensus seems to be that the prestige of these as instruments of peace has been impaired. Japan has acted as any nation who wants something will act regardless of treaties, according to Mr. Colcord. He is glad that the world has at last been brought to a place where nations must face realities and discard sentimental post-war illusions. Dr. Lowell believes that the League may continue to function as a beneficent organ for mutual understanding, but that it will achieve less than was hoped in the way of preventing wars.

As to the Nine Power Pact that grew out of the Washington Conference in 1922 and guaranteed the administrative integrity of China, Japan claims that China's internal condition abrogated that treaty, and the present changes of administration in Manchuria were set up by the people themselves, and not by the influence of Japan.

The Pact of Paris also calls for interpretation, as does the January 7 statement of Secretary Stimson, whose last sentence is quoted by Dr. Lowell in Foreign Affairs:

"'It (the American government) does not intend to recognize any situation, treaty or agreement which may be brought about by means contrary to the covenants and obligations of the Pact of Paris of August 27, 1928, to which Treaty both China and Japan, as well as the United States, are parties. In the reply

of January 16 Japan sweeps it aside by the remark that, although this might be the subject of an academic doubt, 'as Japan has no intention of adopting improper means, that question does not practically arise.'"

As a result of this, if Japan should be given certain rights in Southern Manchuria which the United States and other nations failed to recognize, and if American merchants refused to recognize the new government regulations set up, how long, asks Dr. Lowell, would the peace last?

The war in the East is not over. There are economic interests at stake. Japan wants China, but she has Russia to contend with. French interests in Indo-China might drive France to back Japan openly. American interests alone are best served by a united China.

"In this situation Western diplomacy cannot afford to fumble," warns Mr. Colcord. "The issues involved are more vital than any that have come forward since the close of the great European war. The Orient is a mass of tinder today, and a match dropped carelessly there could set the world on fire."

Recently Reëlected

"PRESIDENT HINDENBURG reviews a parade of German soldiers. Of gigantic size, clad in a frock coat, he strides slowly down their ranks. If one looks more closely, one notices what strength animates the regulation military gait of the old man. The President is doing his duty as he has done it for seventy years, as he stormed an Austrian battery at the battle of Sadowa in 1866." It is the description of a Parisian moviefan who has seen Old Paul on the screen, written for the Berlin Querschnitt.

"He is of the old school. He is one of its remaining representatives. Such men still persist in political circles. But they are the very last, it appears.

"The face of the Field Marshal is immobile, hard, stern. There is none of the animation which lights up the countenance of the Prince of Wales. The expression of the eighty-four-year-old German President is more profound—an indication of the character of the German Republic.

"One could well believe Fate had ordained such a person to shape the troubled destinies of a land which has so notably displayed its talent for adaption. Whose unexpected defeat came suddenly, just as everyone was astounded at the victory of this people over the entire world. The most militaristic nation in Europe-now armed like Holland or Norway. After the Prussian Guard-the present Security Police. After an unparalleled economic expansion-a third of the population unemployed. After the acme of order-a chaotic disorder. Fate declares: Have a care what road you travel!

"And yet the Old infiltrates the New. For example, there was the explosion of the express-train F D 43, which occurred on August 9, 1931, in the Jueterbog station. The explosion of the train

was of course something new—in the old Germany, when was a railroad train ever blown into the air? But here is an example of 'Germany the Eternal': Twelve minutes after the catastrophe there appeared from the railroad centers of Luckenwalde and Jueterbog four relief trains with engineers, doctors, workmen, and nurses, just as if all these people had assembled in Luckenwalde and Jueterbog, asking themselves: Will not a train explode in the neighborhood this evening?

"The official report read as follows: The catastrophe occurred beside kilometer-stone 60.7 at 9:42½ P. M. How can such a country decline and fall?"

"Texas Jack" of Washington

JOHN NANCE GARNER, Speaker of the House of Representatives, is a more than potential Democratic nominee for the presidency. Robert S. Allen vividly pictures this Texas statesman in the New Republic. Mr. Allen, showing Garner to be the anti-Roosevelt favorite, continues:

"Aside from certain superficial differences, there is a striking similarity in background, point of view, class con-



By Berryman in the Washington Evening Star TEXAS SMILES AT A FAVORITE SON

sciousness and career between Garner and Coolidge. One was born and reared in Texas, the other in Vermont, but both come from Anglo-American stock of the small, independent farmer class, which the past decade of economic upheavals has driven into the background. Both, by cautious investments, have risen to the estate of small-town capitalists; Coolidge, in keeping with the New England tradition, invested his money in bonds and property, while Garner, following the practices of his section of the country, became the owner of land and bank stock. Moreover, both are men of essentially simple habits and pleasures. Garner lacks Coolidge's neatness of dress, but as a native of the breezy cattle country, he has a hearty neighborliness

and comradeship which was wholly lacking in the New Englander. . . .

"Personally, Garner is one of the most likable men in Washington. He has an easy, informal manner, and a frank boyish smile. He lives very simply, does no entertaining and attends few social affairs. Early in the session he was invited to one of Mellon's sumptuous par ties, but declined on the ground that he was too busy. He works from early morning till late at night. His wife has been his secretary for years and still continues in that capacity. Until recently they lived in a small residential hotel near the Capitol, but when it was torn down last year to make room for the new House office-building annex. they moved to a small apartment in a more expensive uptown hotel. This, however, has been the only change in their mode of living since Garner's elevation to the speakership.

"His work and politics occupy all of his interest and time. For relaxation he goes to the movies, though in his early congressional days he played a good deal of poker and gained the reputation of being one of the best card players in Washington. Politically he is a Dry and supports enforcement proposals, but h has been known to partake of the flowing bowl. He supported Smith in the 1928 campaign. . . .

"Garner is an astute politician, and has a good record. He voted against the Eighteenth Amendment, as he did against the Child Labor Amendment, on the ground that they interfered with states' rights. On the other hand he voted for the Volstead law, and has supported a number of progressive measures, the Wagner unemployment exchange bill, the Norris 'lame duck' bill, and the Norris Muscle Shoals government-operation bill. He opposed the Mellon rate in the 1924 tax reduction scheme and attacked his huge ex-rebates to heavy Republican contributors.

"He voted against the Smoot-Hawley tariff law, but was careful to protect the interests of his state and district. He loyally stood by Wilson, but he is no internationalist. He flatly refused to commit himself on the Hoover moratorium, and voted against it.

"He is serving his thirtieth consecutive year in the House and knows Congress and the executive departments as few know them. He is a colorful and informal speaker, a master of repartee. . . . That Garner would like the nomination goes without saying. He is sixty-three years old, is in excellent health and, if nominated, could and would make a vigorous, popular campaign."

Reduce Expenses!

CALVIN COOLIDGE maintains his reputation for frugality in his attitude toward the present tax situation. After considering debts, taxes, and expenditures, the former President points out the dangers of over burdening high incomes and industry with permanently high taxation. How, then, shall America balance her budget? Writes Mr. Coolidge in the Saturday Evening Post:

"Scarcely anyone questions the neces-

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sity of some increase of tax rates and the imposition of new taxes by the National government to pay the present deficit. But it seems apparent that such a remedy ought only to be for the existing emergency that must be met to protect the public credit. The nation has the resources to provide for such action, and they must be used. But the only per-manent remedy, the only relief for high taxes, is a reduction of public expenditures. Such a reduction must be made. Almost all our governmental units have been taxing, borrowing and spending beyond the means of the people to pay.
"Taxes are remaining unpaid. That

causes forced sales of property and de-stroys values. The credit of many units is exhausted, so that no more money can be borrowed by them. The local gov-ernments, on the whole, have been the worst offenders and find themselves in the most serious difficulties. but drastic retrenchment will restore them to financial health. It will be a painful operation requiring a good deal of executive energy, but it can be done. Unless it is done, the suffering and want that will result are beyond estimation.

The only remedy for the situation in which we find ourselves is an aroused public opinion. High expenses have created great debts and heavy taxes. The disaster these have brought is felt most keenly by the wage earners, but the source of the evil is most apparent to our business interests. Many of these expenditures have been authorized by the appropriating power almost under du-ress. They did not want to do it. But the pressure was nearly all in one direction and there was little encouragement from the public in offering resistance.

The time has come for a combination, on a nonpartisan basis, of wage earners and business men for their mutual protection. They need to be organized, alert and vocal. Then the Congress and other bodies will listen because they will feel they have some support in resisting further expenditures and encouragement in pursuing a policy of retrenchment."

Johnny Harvard and Mr. Harkness

HARVARD IS BEING oxfordized by tutors and its new house-plan. The social and educational life of the students will be much changed; and Albert E. Hindmarsh outlines the steps in the April Journal of Higher Education.

"Jones," says Mr. Hindmarsh, "decides to concentrate in the field of government. He spends one hour weekly with a tutor in that field. The tutor assigns him, during his sophomore year, rather introductory reading in the field. The tutorial assignments in his junior year are more advanced; in his senior year they are advanced and individualized to meet his special needs, taste, and capacity. The tutor and student from week to week discuss the reading, the student doing most of the talking. It should be emphasized that the tutor does not assign or discuss work covered by Jones' courses; he tries to fill in the gaps left by his courses, to encourage

him to think out larger problems, to induce him to pursue material outside and beyond the scope of courses.

The larger purpose behind the contact between tutor and student is to encourage the student to see the subject which he is studying as something more than a combination of mere courses or of assignments in text-books; as soon as possible he is expected to view the work as a whole, to coördinate his knowledge and to grasp the fact that problems widely separated on the surface require for their solution a fundamental knowledge of varying fields. The tutor keeps no attendance, gives no marks, makes no reports to the dean's office. The stu-dent receives no credit for his tutorial work, which involves annually as much work as one course at least. . .

"The tutorial system is closely connected with the seven Houses recently inaugurated. The Houses, made possible by the gift of Mr. Edward S. Harkness, Yale '97, provide quarters for more than eighteen hundred upperclassmen. Each House has a student membership of from two hundred to two hundred and eighty upperclassmen. The staff includes the master who is a resident member of the faculty; a senior tutor who acts as his assistant; a group of seven or more professors from different



By Fitzpatrick, in the St. Louis Post-Dispatch A NATIONAL PERIL

departments, serving as associates; and a dozen or more tutors in various fields of concentration, most of them unmarried and resident in the House. Every House has its own library of from five thousand to twelve thousand volumes, chosen to include books used in large

courses and in general and tutorial readings; there are also common rooms and a dining hall in each House.

"Normally the student and his tutor are resident in the same House. Jones is apt to choose a House into which he knows some of his friends are going, but his residence in a House will at once widen his friendships, for the members of each House are chosen by the master so as to include a cross section of the college body-men from different parts of the country; different schools; in dif-

ferent fields of concentration; varying in scholastic ability, in outside interests, and about equally divided among Sophomors, Juniors, and Seniors. He may be a member of one or several of the House groups-squash, tennis, football, crew, politics club—he can hardly help being drawn into some activity. The House provides the social advantages of a small college; its intramural possibilities will provide athletics for all. But the advantages of a larger institution are retained, for men living in different Houses attend common lectures and classes as heretofore; the same scholastic requirements and general college rules apply."

Britain Views Our Kidnapings

"KIDNAPING IS an American racket," says the Manchester Guardian of England, editorially, "and the police are as little able to deal with it as with any other racket. Colonel Lindbergh, despairing of the efforts of the police to recover his baby, has called in two eminent gangsters to help. Up to now the gangsters have been no more successful than the police; and though Colonel Lindbergh has offered to pay up and ask no questions, and though clergymen have come forward and offered their churches as a sanctuary wherein the exchange of baby for ransom might take place without danger to the kidnapers, and though President Hoover has interested himself in the affair, the baby has still not been found. It may seem in England almost incredible that in a civilized community crime should be so well organized, so established, that the criminal is able to carry on such practices as kidnaping the babies of distinguished persons with impunity; but it has long been apparent that in the United States the machinery for preserving law and order was dangerously near to breaking down com-

"It is possible, however, that the spectacle of a distinguished American citizen turning in despair from the recognized forces of the state to two acknowledged criminals for help may bring home to the people of the United States the seriousness of the gangster problem. Such a situation means that the most elementary conditions of a civilized state are not present in America. It means that the criminal element in America is so strong that property, even life, cannot be safe-guarded by the state and that to be secure a citizen must make terms with the

underworld. . .

"The gangster's wealth and his power and his influence are steadily growing. He can hold a baby to ransom, supply liquor abundantly, levy a tax on industry, make himself felt politically, and generally bring the whole system of American justice into contempt. His weapons are intimidation and bribery; his greatest asset is the indifferenceworse, the sentimentality-of public opinion in the United States in regard to his activities. He is a curious and a dangerous product of the new industrialism. He uses all the resources of the new industrialism to war against society.

He has the character of the brigand and the intelligence and unscrupulousness of big business. Some time it will be necessary for civilized America to fight him, and the longer the fight is delayed the more hazardous it is likely to be."

Capitalism Survives

"FUNDAMENTALLY," WRITES Thomas Nixon Carver in the April Current History, "there are only two economic systems possible, though there may be various mixtures of the two. These two systems are based on two ways of getting things done. One way is to offer a reward for what you want done; the other is to command some one to do it and punish him if he does not. Accordingly, one economic system is carried on by contract and the other by authority.

We need not waste time wondering if our system might not work more smoothly if we could deal as summarily as do the Bolsheviki with those who try to make trouble. They give their system a chance to show what it can do by disposing of those who try to block it, to overthrow it or even to talk about overthrowing it. Such speculation is futile, however, because our system would cease to be the same system when it became coercive to that degree. Nevertheless, no one can deny that our system is handicapped by the fact that any one is free to strike against it, to foment discontent with it or even to advocate its overthrow. It is probably too much to expect that these gentlemen who are so vociferously denouncing our system will appreciate their privileges. If they were to try the same tactics under coercive communism they would soon face firing squads. It would be like striking, disobeying or fomenting insurrection in an army. . .

"Let us look at the facts. The world over, wherever there are the greatest accumulations of working capital and wherever industries have become most capitalistic, there the workers are best paid and most comfortable. Wherever there are the smallest accumulations of working capital and industries are

least capitalistic, there is the greatest misery among the workers. Among noncapitalistic countries we must include, of course, China and India, Russia, Austria, the Balkans, Italy and Mexico. Among capitalistic countries, after the United States, England and Canada, we should have to include Holland, France. Belgium and Germany. It really looks as though there must be something wrong with the assumption that capital is merely a means of exploitation and that it inevitably tends to make the rich richer and the poor poorer. .

"In the last analysis, the condition of the masses de-

pends upon the relative rates of increase of the two factors, labor and capital. Where labor increases faster than capital, laborers are in a weak position and poorly paid. Where capital increases faster than labor, labor is in a strong position and relatively well paid. This is true in both communistic and capitalistic societies. Until communistic Russia increases her capital equipment her laborers must of necessity be poorly paid, fed and clothed. Whenever she succeeds in supplementing her vast supplies of labor with adequate supplies of working capital, the condition of the masses will improve. The same is true of capitalistic countries. In capitalistic countries, small supplies of capital put the capitalists in a strong position. Increasing supplies intensify competition among capitalists and put them in a weaker position. Laborers gain as a result. And so it goes, the world round."

A Frenchman Pictures Berlin

there was reprinted an enthusiastic estimate of Paris, by a young German, Paul Cohen-Portheim. There has appeared in Vanity Fair an equally glowing description of Berlin, accompanied by the colored illustrations of the French artist, Charles Laborde. Says this tribute to the great German city:

"'You didn't go to Berlin? Why everybody goes to Berlin now. Only tourists go to Paris any more." The returning vacationists speak thus enthusiastically of the new Welthauptstadt. Gayer, brighter, faster, more cosmopolitan (and cheaper) Berlin, the throbbing city an der Spree, has suddenly supplanted Paris in the affection of the American Who Knows Where to Go.

"Free from dives of the Greenwich Village type, American bars and 14th Street peep shows, not yet tourist-conscious, the subtler allure lurking apparently in the air, the gay atmosphere, the new part of the town over by the Kurfuerstendamm, the teeming Friedrichstrasse, the charm of the Kaffekoncert am Zoo, the brilliant night life, the fashionable day life, the let's-all-spend-



German Tourist Information Office, N. Y.
NEW ARCHITECTURE IN BERLIN

our-money-as-fast-as-we-get-it-because-if-we-don't-the-government-willtake-it-away-from-us-in-taxes-spirit of the German capital has placed it foremost on the visiting list of travelers."

Communism In England

JOHN MIDDLETCH MURRY, English litterateur, believes in communism for England; but he advocates an indigenous English communism, and not a Russian transplantation which could never adapt itself to English idiosyncrasies. Writing in his London Adelphi, he declares:

"It is unfortunate that, for most people today, communism means not so much the system of economics as the system of government which is now established in Russia; it is manifestly the product of a specifically Russian historical necessity. The Ogpu (secret police) is the evident lineal successor of the Okhrana; the autocratic 'dictatorship of the proletariat,' the evident lineal successor of the Czarist autocracy. They are, in fact, the inevitable accompaniments of an economic revolution in Russia. The economic revolution is fundamental and real. Economic individualism has been eradicated in Russia. But this economic revolution has assumed political forms which are purely Russian, and exclusively Russian. Quite naturally it is those political forms of the Russian economic revolution which instinctively repel some Englishmen, and instinctively attract others. In the one case, as in the other, it is the accidents, not the essentials of communism which repel or attract them.

"COMMUNISM is an economic system under which ownership of the means of production is finally and irrevocably taken away from individuals and vested in the community. It is a system under which the production of goods is regulated by society as a whole—let us say briefly by the state, considered as the executive and regulative instrument of the whole community—in the best interests of society as a whole.

"The moment we return to this simple description of the communist state, we see simply that it is eminently desirable. The difficulty is to find the way to establish it. For, however desirable the communist state may appear in its simple and abstract description, when we face up to the fact of what is required of us as individual men we turn rather hurriedly aside. It is very easy to talk about the need for other people to sacrifice their economic individualism; it is extraordinarily difficult to have the constant will to sacrifice one's own.

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"By communism, then, I do mean the economic revolution which has taken place in Russia; I do not mean the political forms in which that economic revolution has taken shape in Russia. Those political forms are Russian; they are not essential, but accidental to communism. To seek to impose them in England is not only to be a romantic doctrinaire, but also to be an ineffective, and therefore a bad, communist."

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Be a REAL Driver



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HE inexperienced Gand unskilful driver risks his own life and endangers pedestrians and other motorists every time he ventures on the road.

Things happen so quickly in a car. At thirty miles an hour you travel forty-four feet in one second; four feet—often the margin between collision and safety—in one-eleventh of a second. Learn to figure distances and allow yourself ample road-room.

Could you forgive your-

self if a moment's inattention resulted in a crash which you might have avoided?

Last year 33,000 people were killed and 1,000,000 injured in automobile accidents.

Relatively few of these accidents were the result of mechanical defects in the machines. The majority of them were caused by poor drivers or by good drivers who momentarily failed to control their cars. A real driver does more than start, stop and guide

PREPARE FOR YOUR SUMMER DRIVING

Check yourself on the following ten points of good motoring, enjoy your driving this summer and make it free from accidents to your family and others.

Perfect Your Score Score 1. Do you keep your mind on your driving? 10 ___ 2. Do you keep in line of traffic? 10 ___ 3. Do you watch the movements of other cars and try to anticipate what they will do? 4. Do you watch for pedestrians, particularly children? 10 ___ 5. Do you slow down at schools, crossings and dan-gerous intersections? 6. Do you signal to the car behind when you intend to change your course?..... 7. Do you know the feeling of having your car under control? 8. Do you keep in line when nearing top of hill or a sharp turn?.... 10 __ 9. Do you comply with traffic regulations, signals and signs? 10 __ 10. Do you have your car, brakes especially, inspected regularly?

his car. He controls its every action. He is at all times alert and anticipates possible blunders of pedestrians and drivers he meets or passes.

With 26,000,000 registered motor vehicles in the United States, all too many of which are driven

by unfit or unskilful drivers, the need for real drivers is greater than ever before.

Learn the fine

points of skilful driving. Not only are experts rarely injured, but they seldom suffer from nervous fatigue after a long, hard drive. Most of them enjoy their mastery over a powerful machine, perfectly obedient to intelligent direction.

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Send for free booklet which tells what a real driver does. In addition to valuable information, the booklet contains pages on which to record mileage, gasoline and oil consumption. Address Booklet Dept. 532-V.

LIFE METROPOLITAN

FREDERICK H. ECKER. PRESIDENT

INSURANCE COMPANY

ONE MADISON AVE., NEW YORK, N.Y.



LOADING ICE on a freight train in preparation for the transportation of perishable food products,

A Renaissance in Refrigeration

refrigeration is passing through a period of renaissance which promises far-reaching results. Though generally looked upon as something touching the lives of a limited number of people, actually refrigeration plays as vital a part in the present day mode of living as the electric light.

Without refrigeration our diet would be extremely limited and our health would suffer accordingly. Many of the comforts we know would cease to exist. The fabrics we wear would not be available. In fact, spectacular developments in refrigeration are taking place in fields far removed from preservation of foods.

Although only 50 per cent. of the population of the United States is refrigeration conscious today, tremendous strides have been made by the ice industries in the last few years. From 1912 to 1930, families using some sort of refrigeration increased from 43.8 per cent. to 48.6 per cent. The per capita consumption of ice increased from 450 pounds to nearly 1100 pounds during the same period. According to the National Association of Ice Industries, 56,239,416 tons of manufactured ice were sold during 1930, or 5.34 per cent. more than in 1929. The following year, 1931, more than 1,000,000 electrically operated domestic type ice machines were installed, and the consumption of natural ice increased 6 per cent. over the 1930 figure.

It might be supposed that the introduction of electric refrigeration would eliminate the use of natural ice, but the opposite is true. Electric refrigeration opened new markets, and stimulated ice manufacturers to branch out into new fields of endeavor. In the last twelve years perishable products have been in greater demand than ever before. This has resulted in the increased use of ice on freight cars. Ice companies are selling refrigerators. They are also promoting the use of air-cooling systems in

homes, offices, stores, railroad diners, observation cars, and sleepers.

Space cooling offers exceptional possibilities for increasing sales of ice and equipment. The meltage or rate of cooling can be automatically controlled, immediately constituting an important aspect of air conditioning for general usage. Air conditioning has been possible for many years, but its use has been limited because of the expense. The cost and the ramifications of cooling ducts called for comprehensive plans, which confined air conditioning installation to large-scale applications.

Today, however, at least two of the best known manufacturers of electrically operated domestic refrigerators are said to be developing air conditioning equipment suitable for small houses.

THERE ARE 16,000 theaters in the United States, of which 400 are equipped with cooling apparatus. Since 75 per cent. of these theaters have a seating capacity of 1500 or less, many of them could be cooled by means of ice refrigeration. Roughly speaking, an ice installation costs approximately onethird less than a machine-cooled installation. This is a matter of prime importance where air conditioning is required only during a few months of the year or a few days or hours per week. A number of small theaters using ice coolers, report that temperatures and humidities are as good as those obtained by steamcooled air conditioning apparatus.

The ice industry is awakening to its opportunity. Several large ice manufacturers have suggested a price of \$3.50 to \$4.50 per ton of ice, depending upon the quantity delivered and the accessibility of the coolers to the point of delivery. Such a system is acceptable for use in large halls, recreation, banquet, and club rooms. Experiments are also being made with ice for cooling busses.

An ice-cooled air conditioning system now operating in New York consists of a number of units located in different parts of the room, and supported from the ceiling. Each unit is connected by cork-insulated pipes in which water at between thirty-five and forty degrees Fahrenheit is circulated. This water is cooled from a centralized ice bunker into which ice is charged from time to The cooled water is circulated time through the piping and the coils in each unit cooler, a blade fan, motor operated, being speeded up or slowed down according to the amount of cooling required. Ice consumed under the worst atmospheric conditions is about 0.9 ton per operating period of ten hours.

Average consumption of ice over a period of weeks was less than one-half a ton of ice per day of ten hours, while the number of occupants in the office varied from a minimum of eight to a maximum of twenty. The cubic content of the office was approximately 10,000 cubic feet and consisted of four rooms. The current (required by the motors of the various coolers and the circulating pumps) cost approximately \$10 per month. The bunker is supplied with ice once a day, although on many days no ice is required. (As the bunker is well insulated, ice put in at night is available the following day without appreciable loss.) The total initial cost of the complete system including bunker, pipes, pump, corks, pipe covering, cooling units, electric wiring and insulation was approximately \$900.

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Railroads may find the iced air conditioning equipment ideal in northern climes where cooling is needed for approximately one-sixth of the year. Systems using ice are of much lower initial cost than mechanical methods, and add less to the dead weight of the train. The coolers consist of an ice bunker carried beneath the car. These are filled at in-

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can be closely regulated. The railroads are also experimenting with a portable pre-cooler mounted on wheels. This machine is used to cool trains standing in terminals prior to their departure, particularly sleepers which have been exposed to the sun during the day. When once cooled, the cars remain comfortable during the night. But the method has not proved worthwhile in the case of chair cars and day coaches.

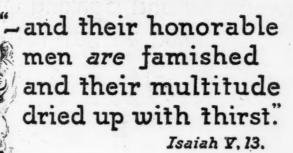
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Manufacturing processes benefit enormously from refrigeration and cooled air. For example, in the manufacture of rayon, temperature control is very important for many of the operations. How important refrigeration is to the rayon manufacturer can be better understood when it is known that one company manufacturing about half the rayon made in the United States has installed about 5000 tons of mechanical refrigeration equipment, one-third or half of which is spare or for emergency equipment. About one ton of refrigeration is required for every seven tons of rayon manufacturing capacity. frigeration is an indispensable aid.

In steel making refrigeration is indirectly playing an important part. contains moisture and warmer the air the more moisture is held in suspension. By refrigerating the air the amount of moisture blown into the blast furnaces of the steel mill is immediately reduced. Today practically all blast furnace air is refrigerated and then heated before entering the furnaces. The saving usually ranges from one dollar to two dollars per ton of pig-iron.

In the manufacture of oleomargerine, refrigeration is used in order to separate the butter from the milk. The butter is actually lard made from beef fat, which has been emulsified with pasteurized milk. In this instance refrigeration is used to provide ice water used in the process. In weaving textiles, making silk, in building airplanes, dipping chocolates, and hordes of other manufacturing processes, it is indispensable.

Continued on page 46



HE paradox of an ancient past repeats itself today. Business and industry have been stalking down stark lanes of need in a land of abundance.

Why this paradox? Why cannot the accumulated needs be met out of this abundance? Why does business have to be becalmed behind landlocked credits, and industry anchored by plantlocked dividends?

The needs can be met, movement can be restored by producing goods for less, distributing them for less, and still at a profit.

Already it is being accomplished by the few who have enlisted every available aid which the Engineer could devise.

To the consideration of this subject, we offer you the benefit of an experience which has helped cope with the problems of four periods of depression.

J. E. SIRRINE & CO.

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An organization of national scope, prepared to serve you, regardless of location.



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Manufacturing processes benefit enormously from refrigeration and cooled air. For example, in the manufacture of rayon, temperature control is very important for many of the operations. How important refrigeration is to the rayon manufacturer can be better understood when it is known that one company manufacturing about half the rayon made in the United States has installed about 5000 tons of mechanical refrigeration equipment, one-third or half of which is spare or for emergency equipment. About one ton of refrigeration is required for every seven tons of rayon manufacturing capacity. frigeration is an indispensable aid.

In steel making refrigeration is indirectly playing an important part. Air always contains moisture and the warmer the air the more moisture is held in suspension. By refrigerating the air the amount of moisture blown into the blast furnaces of the steel mill is immediately reduced. Today practically all blast furnace air is refrigerated and then heated before entering the furnaces. The saving usually ranges from one dollar to two dollars per ton of pig-iron.

In the manufacture of oleomargerine, refrigeration is used in order to separate the butter from the milk. The butter is actually lard made from beef fat, which has been emulsified with pasteurized milk. In this instance refrigeration is used to provide ice water used in the process. In weaving textiles, making silk, in building airplanes, dipping chocolates, and hordes of other manufacturing processes, it is indispensable.

Continued on page 46

and their honorable men are famished and their multitude dried up with thirst."

Isaiah V. 13.

THE paradox of an ancient past repeats itself today. Business and industry have been stalking down stark lanes of need in a land of abundance.

Why this paradox? Why cannot the accumulated needs be met out of this abundance? Why does business have to be becalmed behind landlocked credits, and industry anchored by plantlocked dividends?

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Investment Counsel.—A New Profession.

(68) The growing place of this profession in the investment field and the service rendered by investment counsel. John K. Barnes, 50 Pine

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and development of the Associated
System, offered by Associated Gas
& Electric Company, 61 Broadway,
New York.

Investment Bulletin (4th Quarter), dis-(66) cussing bond market indicators and a group of sound bonds for investment, common stocks and preferred stocks. Issued by A. G. Becker and Company, 54 Pine St., New York.

Serving 9000 Communities, a new 26-(12) page illustrated booklet, which gives investors an interesting picture of the large field covered by Cities Service subsidiaries, engaged in electric light and power, petroleum and natural gas industries. Included is a detailed statement of Cities Service Company's earnings over the past 20 years. Offered by Henry L. Doherty & Co., 60 Wall St., New York

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31, 1931, showing complete list of
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"Reliable Investment Counsel—How to (62) Choose." A 32-page booklet for investors: helpful, informative. Address R. E. Wilsey & Co., 1225 State Bank Bldg., Chicago, Ill.

Refrigeration

Continued from page 45

The California Fruit Growers Exchange and Florida Citrus Exchange are studying refrigeration and tankcar transportation as the means of increasing the sale of orange juice. It is planned to freeze several million gallons of orange juice a year with an ultimate production of possibly twenty-seven million gallons annually, to be distributed among the 200,000 customers in various northern cities. The problem is largely one of freezing, storing and distributing so as to maintain color, flavor, and fluidity without reducing the vitamin C content which is attacked by oxygen. This will mean a year-round orange juice at lower cost instead of a seasonal supply.

Ice in the form of slightly curved flakes about the size of peanut brittle is another recent development. Their more uniform shape and larger surface per unit of weight and volume, as compared with cubes, enables them to absorb heat more rapidly. Their curvature lessens the tendency to freeze into a single mass; and where temperature is correct, the flakes may be kept free-flowing indefinitely. These flakes are ideal for counter and window displays of foodstuffs, in the manufacture and transportation of ice cream, for cooling of water and other beverages and air conditioning. are expected to find popularity in restaurants, drug stores, dairies, homes, hospitals, and other places.

A NOTHER RECENT and very important development is a gas-fired mercury boiler as the source of energy and water as the refrigerant. The mercury is boiled and the resulting mercury vapor at a temperature of somewhat above 700 degrees Fahrenheit passes through an aspirator, drawing water vapor from the brine in the cooler with it. The mercury vapor is then cooled and liquefied. The entrainment of the water vapor and condensation of the mercury produce a vacuum which causes the water to evaporate rapidly. In evaporating, the water takes up heat, so producing the required cooling effect or refrigeration. Operation is continuous. As the temperature of the cooler varies only two or three degrees, ice cubes are frozen much more rapidly than ordinarily, while a more constant temperature is maintained. The unit is of welded steel construction without stuffing boxes or glands. It is practically noiseless, has no mechanical moving parts, operates under a vacuum and becomes inoperative should a leak occur. Occupying seven and a half cubic feet, it consumes some 2000 cubic feet of gas a The refrigerating capacity is equivalent to about sixty pounds of ice per day. Manufacturing as well as operating costs are low and it is believed that homes, small stores, etc., offer an enormous market for this type of mechanical refrigerator.

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Refrigeration is, indeed, passing through a renaissance. Pioneers and men of vision and courage are finding new boundaries and undiscovered riches in refrigeration.

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Continued from page 34

favored ring arrogates to itself a monopoly of city contracts. The margin that formerly found its way into the pockets of politicians is now reflected in lower bids.

A typical example of what has been accomplished under the small councilcity manager plan is the building of the new railroad terminals, upon which seven of the railroads entering Cincinnati are expending \$75,000,000, to say nothing of great auxiliary improvements. The Terminal Company has had to deal with nobody but the council and the Manager. Valuable concessions City have been given by the city in return for equally valuable improvements made by the railroads. No boss has intervened. The railroads have not had to pay a cent except for the building of their terminals. It was an open covenant openly arrived at. This maze of tracks and viaducts and boulevards will stand as a monument to the cleanest deal ever made between a city and its railroads. Our old-school politicians wistfully look upon it as a lost opportunity.

INCINNATI IS FREE of rackets. You have no racketeering unless you have a police force dominated by poli-The racket is a political privilege connived at by the police. For the purpose of illicit revenue the politician withdraws police protection from the victim or even makes the police auxiliary to the racket. The big rackets go to the big fellows and the little rackets to the little fellows. The police cease to be public officials; in effect they become the employees of politicians. When the police are taken out of politics they are restored to public duty. Under a City Manager they attain a dignity that the politicians deny them.

Proportional representation does away with the primary election, which more than compensates for the expense of the count. All candidates are nominated by petition and their names rotate on the ballots. Voters use numerals instead of crosses to express their preferences. Then comes a great improvement on the old system of elections. Voters secure an honest count. The ballot boxes are taken to a central counting place, where the votes are counted and checked in full view of authorized persons. The count takes days, but the days are well spent. Under the old system of counting ballots, elections are stolen regularly.

The hope of American cities lies in non-partisanship, and that means the City Manager plan. The awful waste of municipal government must stop if "our institutions shall not perish from this earth," and I mean this in no rhetorical sense. Show me any justification in Jefferson's writings for rotten municipal government in a Democratic city. What did Lincoln ever say that would sanction conditions in Philadelphia or in Chicago under Big Bill Thompson? "My city, 'tis thee I plunder" has become the national hymn of predatory politicians, great and small. Only a righteous and sustained wrath can arrest decadence.

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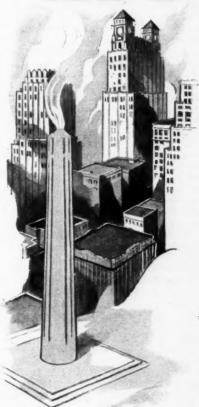
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MISSOURI PACIFIC STAGES

Why Uncle Sam Is \$2,000,000,000 Short

And What He Is Trying to Do About It

with the first day of July. Seven months in advance of that day—that is, on the first Monday in December of the year preceding—Congress assembles at Washington largely for the purpose of appropriating money for carrying on the functions of government, and for the equally important purpose of raising money to pay the bills.

A well-managed government, like a well-managed corporation, will seek to make both ends meet; though a government never tries to build up a surplus in time of plenty to help it through a

period of adversity.

Our government knows with fair degree of accuracy what its expenses are going to be, except for an emergency like drought relief; but it can merely venture a guess as to its income. When income falls short of meeting expenditures, the Treasury borrows money; for Uncle Sam must always pay his bills. Thus for the fiscal year that ended on June 30, 1931, there was a shortage of \$900,000,000. The revenues for that year had been guessed at by Congress and the Treasury early in 1930, when the country seemed to be recovering from a mild business and stock-market recession that marked the fall of 1929. This deficit, it might be mentioned in passing, exceeded by far the entire cost of government in any year preceding the war.

Revenues for the fiscal year that will end on June 30, 1932, were similarly guessed at in the early weeks of 1931, by the Congress that expired with the 4th of March of that year. The point is worth emphasizing; that the revenues under which the government is to operate until the end of June of this year 1932, ought to measure up to estimates which Congress had in mind in December of 1930 and the two months that followed. That those revenues would fall short of expectation by more than \$2,000,000,000 was beyond the realm of imagination. Even last year's deficit of \$900,000,000 was not then in sight.

A two billion dollar shortage means, roughly speaking, that actual receipts will be hardly more than half the estimates. It might be interesting to search out some details. Uncle Sam's principal source of revenue in recent years has been a levy upon the incomes of individuals and corporations. This is a comparatively new tax, less than twenty years old. It was legalized by the Sixteenth Amendment to the Constitution. That amendment was adopted by Congress in July, 1909, in the fifth month of President Taft's administration, was ratified by all the states except Connecticut, Florida, Pennsylvania, Rhode Island, Utah and Virginia, and proclaimed part of the Constitution in February, 1913.

In recent years the yield from this federal tax on incomes has been as follows:

		INCOME TAX	K RECEIPTS	
		(Fiscal years er	ding June 30)	
		Individuals	Corporations	Total
1929		\$1,095,541,172	\$1,235,733,256	\$2,331,274,429
1930		1,146,844,763	1,263,414,466	2,410,259,230
1931		833,647,798	1,026,392,699	1,860,040,497
1932	(9 mo	nths actual, 3 m	onths estimated)	1,020,000,000

It will be seen from the figures for 1930 that the cataclysm in Wall Street did not noticeably affect incomes earned in 1929. (Two quarterly instalments of the tax on 1929 incomes were paid before the close of the fiscal year on June 30, 1930.) There was, however, a 25 per cent. drop in income tax receipts in the following fiscal year, and the figures for the fiscal year now coming to an end will show a decline of more than 55 per cent. from the peak of two years ago.

UNCLE SAM's second largest item of income comes from miscellaneous internal revenue taxes, chief among which are the tobacco tax and the estate tax. The receipts from these in recent years have been:

Internal Revenue Receipts (Fiscal years)

1929.								\$607,779,946
1930.								629,886,503
1931.								568,187,257
1932*								514,000,000

Here the falling-off in revenue has not been disastrous, largely because the great American public smokes cigarettes, cigars, and pipes even during a depression. This country burns up 120 billion cigarettes each year; and since the federal tax is three dollars per thousand, the income from that form of tobacco alone is \$360,000,000. Almost all of this revenue comes from North Carolina and Virginia; for it is a stamp tax, and the stamp is affixed at the factory. Since the prevailing wholesale price of popular cigarettes is \$6.40 per thousand, with \$3 in stamps attached, it is plain that this cigarette tax is a manufacturer's tax of nearly 90 per cent.

Our third largest item of federal income comes from duties levied on imports, and the statistician in search of a deficit will find much to interest him there. Plainly if Americans have bought less from one another during the past two years, they have also bought less abroad. Here is the dwindling record:

Customs Revenue (Fiscal years)

1929.								\$602,262,786
1930.								587,000,903
1931.								378,354,005
1032*								350 000 000

Of the remaining items that furnish Uncle Sam the wherewithal to pay his current bills, and interest upon his own

* Our own estimate, based on nine months to March 31, of the preceding fiscal year.

debts, the largest decrease is in the principal and interest payments on foreign obligations. The American people loaned money freely to the Allies before, during, and after the war; and later those foreign countries signed agreements looking toward repayment of the money over a long period of years. Because of the Hoover Moratorium, nothing is to be received from that source in this present fiscal year. In recent years the receipts have been:

War Debt Payments (Fiscal years)

1930.								\$239,565,807
1931.								236,062,755
1932.								

To sum up these deficiencies in receipts, in this present fiscal year (estimated) as compared with the one that ended on June 30, 1930:

	Decrease
Income tax	\$1,390,000,000
Internal revenue	115,000,000
Customs	237,000,000
War debts	239,000,000

\$1,981,000,000

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In addition there are minor receipts not mentioned here in detail—such as declining Panama Canal tolls—which will add more than the \$19,000,000 that is necessary to bring our estimate of this year's deficit, due to decreasing revenues, up to two billion dollars.

MEANWHILE, THOUGH Uncle Sam's four billion dollar income has thus been cut in half, his expenses have increased. A deficit, we discover, may come from two directions at the same time: revenues may fall, expenses may increase. Here is a worrisome picture:

Ordinary Expenditures (Fiscal years)

1929.							\$3,848,463,190
1930.							3,994,152,487
1931.							4,219,950,339
1032*							4 600 000 000

Our estimate of this year's cost of federal government is based upon actual outlays to the end of March, nine months in all, or three-fourths of the fiscal year. By that time "general fund expenditures" had reached \$3,437,000,000, which was \$470,000,000 in excess of the amount spent in the corresponding nine months of the preceding fiscal year.

THE INCOME TAX: ITS RISE AND FALL

Year	Individuals	Corporations	Total
1913	 \$28,253,535	\$71,381,275	\$99,634,810
1914	 41,046,162	80,190,694	121,236,856
1915	 67,943,595	124,937,252	192,880,847
1916	 173,386,694	345,191,844	518,578,538
1917	 691,492,954	2,937,826,707	3,629,319,661
1918	 1,127,721,835	4,286,486,257	5,414,208,092
1919	 1,269,630,104	3,444,971,682	4,714,601,786
1920	 1,075,053,686	2,700,288,329	3,775,342,015
1921	 719,387,106	1,420,962,538	2,140,349,644
1922	 861,057,308	1,644,833,576	2,505,890,884
1923	 661,666,133	1,598,772,931	2,260,439,064
1924	 704,265,390	1,585,814,936	2,290,080,326
1925	 734,555,183	1,904,886,389	2,639,441,572
1926	 732,470,790	1,229,797,243	1,962,268,033
1927	 826,245,497	1,007,981,774	1,834,227,271
1928	 1,164,254,037	1,184,142,142	2,348,396,179
1929*	 1,095,541,172	1,235,733,256	2,231,274,429
1930*	 1.146,844,763	1,263,414,466	2,410,259,230
1931*	 833,647,798	1,026,392,699	1,860,040,497
1932*	 (9 months actual, 3	months estimated)	1,020,000,000

* Fiscal years, the others being calendar years,

What does a benign Uncle Sam do with all this money? If our estimate of this year's expenditures is approximately correct, it is a sum greater than the entire cost of government during all the eight years of President Roosevelt.

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The largest item, and one that is ever growing, is for veterans' relief. In the budget for the fiscal year that lies ahead, \$1,072,000,000 is provided for the veterans. This is more than one-fourth of the entire budget. It is equal to \$250 (in a single year) for every man who wore an army uniform during the war. This relief includes various forms of actual cash compensation or allowance, even payments to veterans who have become partly disabled by peace-time accident or illness. It includes hospital care for 33,000 veterans, more than half of them suffering from diseases not connected with military service. It includes payments under the original War Risk Insurance plan, with the government so far spending two dollars in death claims for every dollar contributed in premiums by the insured veterans.

It includes, finally, an annual instalment toward the redemption of adjusted service certificates, popularly known as the bonus. These certificates are due and payable to veterans in 1945 but there are new provisions permitting one to borrow up to 50 per cent. of their face value; and the government thus advanced \$960,000,000 in the fifteen months between June 30, 1930, and September 30, 1931. The ordinary annual instalment, \$112,000,000, is included in this year's billion dollar expenditure for veterans' relief; but the huge sums advanced under the new provisions is not. That is treated as a loan.

The second largest item of expenditure for Uncle Sam is interest on the public debt, \$640,000,000 for the coming year. This public debt is a legacy of the war. It reached a peak of \$26,600,000,000 in 1919, and was fortunately reduced by more than ten billion dollars during our post-war period of prosperity. It was as

low as \$16,000,000,000, approximately, on June 30, 1930, but it had grown another billion by November 30, 1931.

Besides these interest payments, the government is committed to a policy of retiring the public debt through annual payments that now exceed \$426,000,000. This item is the third largest among our governmental expenditures. When there is a deficit, as now, sinking fund payments are sometimes neglected.

The fourth largest item, \$424,000,000 in the new budget, is for the army (including the Panama Canal). The fifth largest, \$343,000,000, is for the navy.

The sixth largest item, \$293,000,000, is that for the Treasury Department. This includes the vast organization that handles the income tax, the customs duties, and the other revenues of the government; and it embraces also some of the cost of prohibition enforcement.

Seventh is \$197,000,000 for the Department of Agriculture, which includes sums for good roads, but not appropriations for direct farm relief disbursed through the Federal Farm Board.

Eighth is the deficiency in postal revenues. This may come close to \$200,-000,000 in the present fiscal year, under the influence of decreased business. Usually it is less than half that sum, and it is now proposed to restore the normal balance by increasing the postage rate on first-class mail.

There is no need to burden the reader with more details. These eight items alone account for nearly \$3,600,000,000 out of the four billion or thereabouts that Uncle Sam had expected to spend during the fiscal year that lies ahead. Because of declining revenues, as outlined in the earlier portion of this article, the Administration and both houses of Congress were engaged during March and April in the important task of finding new sources of revenue and paring down expenditures. This is another story, which cannot be discussed until the new revenue bill has been passed by both houses and approved by the President.

What About Your Present Security Holdings?

Both values and quotations are changing rapidly. Are some of the issues you hold being weakened or are they being strengthened?

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It is sufficient here to remind the reader of the sequence of recent events in the search for additional revenue. There have been, in turn: (1) the formal recommendations of the Secretary of the Treasury, submitted on February 16 to the House, where "all bills for raising revenue shall originate" according to the Constitution; (2) the bill reported to the House on March 7 by its Ways and Means Committee, which disregarded the principal recommendations of the Treasury; (3) the bill that the House framed and adopted on April 1, which disregarded the recommendations of its own expert committee; (4) the bill framed by the Finance Committee of the Senate, the provisions of which are unknown as these lines are written, but of which nothing is more certain than that its opening paragraph will read somewhat as follows: "Strike out all that portion of the bill [the House bill] which follows its title, and substitute the following: . . .

The Senate in turn may be expected to disregard the work of its expert committee, and frame its own measure. Then a conference committee, several members from each of the two branches, will attempt—perhaps sometime in June—to make a compromise revenue bill out of the debris. It was thus that tariff revision was carried out, with disastrous results to American business and our foreign commercial relations, in the early part of President Hoover's term.

-HOWARD FLORANCE.

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MOTOR TRANSPORT: The Question of Regulation

Continued from page 29

to use its own judgment, no matter what the law says.

The responsibility of the passenger bus for its patrons can be developed in the same manner. There is no practical way to force responsibility, for safety and for loss, upon the irresponsible operator who becomes a passenger carrier for a single trip or in an emergency. It is possible, however, to have legal standards and to authorize carriers who pass state inspection to post official notices in their cars to that effect. Then those who patronize cars not so posted do so at their risk.

Another difficulty of regulation relates to the use of tax-maintained highways for purposes of private gain by automotive carriers. It cannot be dismissed with either of the two stock arguments -that since the automobile common carrier is performing a public service his right to the highway should be unchallenged; and that he should not be penalized in the interest of railway competition. The three important elements of highway regulation are: enforcement of the rules of the road; taxes and license fees so adjusted that each component of highway traffic will bear neither more nor less than its own full share of maintenance; and the prescribing of limits in automobile construction based upon the most economical use of the highways.

All three phases are farther on the way toward technical solution than the public or our lawmakers are aware. Engineers of the U.S. Bureau of Roads, and of various state highway commissions, are learning to determine accurately what every type of car of every different size and weight ought to be assessed yearly, in order to make each car pay what it costs the state in its use of the highways. In so far as public opinion will permit, registration and license fees are being adjusted on this basis. Even now it is a mistake to assume that automotive common carriers in most states do not pay their own costs of highway maintenance as completely as though they were on their private right of way. Since the bulk of highway traffic is maintained and paid for by private operators, the expense to every common carrier is less than if it were relegated to a private right of way. That is one of the economies inherent in the system. The low rates of automotive transportation arise from this, and not through any tax subsidy.

As to public protection, and the industry's internal difficulties, the problems of government regulation of automotive transportation appear to be largely technical ones with which the industry itself is primarily concerned; and if not interfered with too much from without, the industry will probably develop its own satisfactory solutions. Conditions that have been described here do not obtrude themselves seriously upon the public consciousness. They represent potential problems of the relation of this industry to government, for which sooner or later a policy must be developed based upon a

clear public understanding. It is probable that little would be heard of the need of automotive regulation, outside of its policing needs, if it were not for the growing uneasiness of the railroads, who are naturally interested in protecting themselves from the threatened inroads of automotive transportation. Impending conflict between the two is not the less serious because it is unnecessary, arising from the artificial conditions under which our super-regulated railroads have been forced to operate.

For an even century American railroads have developed as a natural monopoly. For almost half a century they have been operating under a system of government regulation which has insisted on the one hand that the railroads recognize no other means of transportation than by rail, and on the other has tried to weaken the effects of the economic monopoly thus created by enforcing competition through rules meant to maintain a top-heavy, confused, and irrational rate structure. The result has been to leave the railroad organizations helpless before the emergence of any new system of land transportation flexible enough to supply needs which rail transportation is inherently unable to fulfill, and at the same time to create and make indispensable a whole new set of transportation needs. This the automotive transportation industry has accomplished, and the railroads-by reason of mechanical limits, business precedent, and legal regulation-have been unable to participate in this new advance.

Two examples make this clear. A shipment of chinaware, let us say, goes by rail from New York to Philadelphia. First the china must be packed by the shipper in accordance with stringent packaging regulations laid down by the Consolidated Freight Classification, both in the interests of economy in railroad operation and as a remote by-product of the policy that enforces "equal competition" between common carriers from point to point.

The china is trucked to the receiving depot, where the freight rate is computed from complicated schedules. If the truck arrives after the specified hour of closing, the railroad declines to receive it. When it is received, the shipment must be loaded in a freight car which is ferried to the railroad terminal in New Jersey. After that it must await its scheduled train to take it to Philadelphia. In Philadelphia it cannot be claimed until all the bookkeeping involved in checking, billing, etc., is completed, and the consignee notified. After this the consignee must send to the receiving platform and get it. Shippers usually allow two days for this ninetymile railroad trip.

An automobile truck, on the other hand, can call at the china shipper's at any designated time, receive the shipment, packaged according to the needs of the trip and not under rules which the railroads are required to enforce, and

deliver it at the consignee's door within four to six hours.

No railroad can expect to handle shipments such as these when automotive services are available. It is not even competition. The automobile is merely doing something that the railroads are not organized to do, but which in the past they have had to handle as best they could and charge rates accordingly. The two kinds of service have nothing in common, and their rates can have nothing in common.

In Scranton, Pennsylvania, a collier receives an order for 2000 tons of coal. The whole order can be loaded upon a single train of coal cars; and one engine and a train crew of four or five men can take it to its destination. It might require several hundred motor trucks with their crews to make this delivery, with only a fraction of the efficiency of the railroad, at a much higher cost.

These are two extreme examples of the exclusive values of automotive and freight transportation. Both should be parts of our national transport system.

The railroads' difficulties are that through the decades they have developed a freight transportation system based upon the necessity of handling every kind of freight, whether they were well adapted to such service or not. This was necessary because no other service Some 1,500,000 stockholders existed. have about \$9,000,000,000 invested in American railroads. This investment has been predicated on the idea that the railroads would always dominate the transportation field as industry expanded and the country developed. Now the supple automotive service threatens rivalry. As to how serious this rivalry is at present, experts differ.

To the layman, the obvious procedure is to let the railroads expand their functions as common carriers, by using automotive transportation as a part of their systems wherever the interests of the shipping public require this. This is the point of view advanced by many leaders of the automotive transportation industry themselves, and naturally by most of the important shippers of the country. Also it is agreed to by a minority of the major railroad men.

To sum up, three points of view are involved in the regulation of automotive carriers on the highways: (a) That of the automotive industry, which wants the fullest development of all productive uses of the automobile, regardless of its competitive effect upon all other forms of transportation. (b) That of the railroads, which with some exceptions regard themselves as having a vested right in the transportation development of this country, and therefore want equalization of rates and of other competitive conditions. (c) That of the traveling and shipping public, which recognizes no vested interest in this field except its own, and therefore wants all the values inherent in automotive transportation developed without threatening the fundamentals of rail transportation.

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The viewpoint of the automotive industry may be summarized in a statement by T. R. Dahl, vice-president of the White Motor Company, when he represented the National Automobile Chamber of Commerce at a hearing before the Senate Committee on Interstate Commerce recently. "The great business group I represent," he said, "has consistently advocated the regulation of motor common carriers of persons in interstate commerce. It has taken the position that any legislation enacted must be for the protection of the public and fair to the motor-bus industry. It does not believe that such regulation should indirectly attempt to affect competition between different types of transportation....

"If the railroads are hampered in their competition with highway transportation, through regulations which are not in the public interest, we believe that such regulations should be relaxed.

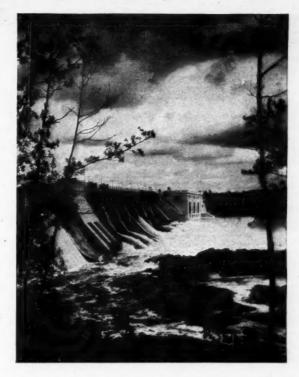
"But we cannot agree that the railroads as highway users, or the public, can obtain any lasting benefit from any control which can result only in increasing the costs of operation. We believe that the problem is one of economics, and not of legislation."

WITHIN THE railroad industry two views are manifest, with a middle ground of opinion that exists in all such controversies. The majority urge upon the Interstate Commerce Commission the same kind of regulation of automotive transportation that is enforced upon themselves. This paragraph from the statement of Alfred P. Thom, general solicitor of the Association of Railroad Executives, before the Senate Committee on Interstate Commerce, summarizes their feelings:

"Equality of treatment and of commercial opportunity to all shippers in interstate commerce—equal and reasonable rates and protection against rebates, unreasonable preferences or advantages, and unjust discriminations are, in the opinion of Congress, the cardinal principles of fairness in trade on which the system of regulation rests. This would be impossible if a substantial part of interstate commerce remains unregulated. . Regulation of some of the instrumentalities of interstate commerce, in requiring them to give to shippers equality of treatment and of commercial opportunity while other instrumentalities are left free . . . would be unjust not only to the regulated carriers but also unjust to the shippers who must use them.

From the tenor of Mr. Thom's remarks, and the hearing of which it was a part, "unjust not only to the regulated carriers" implies the need of regulating automotive rates with the competitive needs of the railroads in view.

The other extreme of railroad opinion was expressed by J. R. Turney, vice-president of the St. Louis Southwestern Railway Lines (Cotton Belt Route), in an address at Tulsa, Oklahoma. He held that any rate fixing for automotive transportation based upon railroad instead of automotive economics would in time "most severely react" upon the railroads themselves. Instead he urged readjustments in railway regulation and



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operation; improvements in speed; economy; and coördination with motor truck deliveries. By such methods Mr. Turney believes, the railroads can maintain their own against any intrusion of highway freight carriers. "The steps necessary to furnish that kind of railroad service seem radical only because of the stagnation of a century to overcome in both the operating and traffic departments of the railroads." Many of the improvements he suggested are already being put into operation in some places.

The suspicion that the real purpose of the railroads in insisting upon automotive regulation is not to benefit trade, but to choke off competition with themselves, has already been alluded to. It is only fair, therefore, to close consideration of the railroad point of view with this clean-cut statement by R. H. Aishton, chairman of the executive committee of the Association of Railway Executives, at the Senate hearing referred to:

"The railroads recognize that the public is entitled to the most efficient and economical transportation service. They recognize the right of the public to select the agency of transportation which it needs and which it finds most useful.

"The railroads have no desire to handicap the development of any form of transportation. They will not be a party to any effort under the guise of regulation to impair any new agency of transportation which the public needs and which can serve it usefully. This should be obvious."

The interest of the shipping public is summarized in the constructive

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Motor Transport

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lineage. Only occasionally does one see

suggestions made by W. H. Chandler, manager of the traffic bureau of the Merchants' Association of New York, during the recent hearings of the Interstate Commerce Commission. The most important of these suggestions are:

(1) That the Interstate Commerce Act should be amended by providing that joint rail-and-highway or joint railwater-and-highway rates be made subject to the Commission's jurisdiction, but not the rates of highway common freight carriers until protection of the shipping public requires it. At present, Mr. Chandler held, such protection is not necessary.

(2) Rail carriers should be empowered to participate in highway motor transportation through subsidiary companies, but such subsidiaries should stand on their own feet and not be permitted to charge any losses against the parent railroad company. Otherwise the railroad companies could operate trucks at a loss for the purpose of killing competition.

(3) That motor buses be regulated. (4) That motor common carriers of freight be not required to file their rates with the Commission, since the terminal service included in motor carrier rates varies greatly, as do the conditions existing at different places of businessfactors which do not exist in connec-

tion with the carriage of goods by rail. (5) That motor carriers of merchandise should not be compelled to publish freight classifications and keep uniform

It will be noted that this plan provides for interstate regulation of trucks and buses in the public interest, allows for the unchecked development of this form of transportation, and provides for railroad participation in it, restricted only to the extent of preventing the railroads from using automobile trucks to kill highway transportation and thus restore their old-time monopoly.

Before another year passes the Interstate Commerce Commission will probably have taken its first steps toward attempting to harmonize these conflicting interests. The Commission is presumably a body acting officially in the interests of the people, and not in behalf of any single form of transportation. From this viewpoint it should be feasible to develop a working policy.

The railroads must be relieved of their archaic position as the sole arbiters of this country's transportation facilities, and be encouraged to use automotive auxiliaries to their systems wherever it is in the interest of public economy, even though this requires some modifications of the Sherman Anti-Trust Law and of the Interstate Commerce Commission's present supervision. Under these conditions competitive relations between automotive and rail carriers could adjust themselves in a normal manner.

Until some such adjustment is possible, the present confusion is likely to increase. Automotive transportation can never be measured with the Interstate Commerce Commission's present yardstick. That much is plain.

a left-over mosque or hear the muezzin call the Moslem to his prayers.

As one looks down from the winged squadron of the skies between landing points, he is impressed with the great natural resources and the facilities possible of development for human welfare on the surface of the earth below. The broad and level prairies look as fertile as our American west. In some sections the fields are as regular and as well tended as the beds of a flower garden. There are vast forests laid out and kept like truck farms. The only mountains that come within sight are the low Carpathians or Eastern Alps that form a beautiful wreath around the Hungarian plain. The Danube and Vistula rivers look like ribbons and their boats like buttons on the map below. But the volume of shipping is suggestive of future comparisons with the Hudson and the Mississippi. Nor is any point of Central Europe more than 500 miles from the salt water of either the Ægean, Adriatic, Baltic, or Black Sea. When traveling by train one observes markedly new and bigger and better engines and rolling stock. Poland is next after Germany and England among the countries of Europe in producing coal, which lays the foundation for all industries. The common people, retarded and thwarted for so many generations, want no more war.

The area that we sight from the air on this holiday trip is larger than that of France and Germany combined, and the citizens dwelling under these six governments are more than the citizens of either France or Germany. rate is high and population is increasing These countries, with their common interests, will and should count in the decades that are before us. It is the Slavic blood that leads in numbers. always with strong and differing local types. Rumanians are proud of the Roman element in their origin. Hungarians are a people apart, and Greeks have always been themselves and no other. Here and there is the pervasive infiltration of Teutonic culture. German is the commonest West European language spoken. Established colonies of German settlers are found along the Danube valley, while Teutonic Knights and merchants of the Hanseatic League long ago planted footsteps along the Baltic coast.

Now you note domes of Byzan-tine and Slavic architecture, and you observe bridges, towers, and other buildings testifying to the skill of Teutonic engineers. Most of the people proclaim their religion by making the sign of the cross, whether the movement be up, down, left, right, with Rome and the West, or up, down, right, left, with Constantinople and the Greek or Eastern churches. There are scattered Jews with their synagogues; and considerable numbers of Protestants, though minorities, along our pathway trace their form of faith to Martin Luther, John Huss, or John Calvin, who was the spiritual father of free institutions in the western

Continued from page 37 world. We recall that at the four-hundredth anniversary of the birth of John Calvin in 1909, the largest national delegation attending the celebration in Ge-

neva, Switzerland, was composed of one

hundred stalwart Hungarians.

Skyline of Europe

All these lands and all their peoples were deeply involved in the tragedies of the World War. Many were swept into the struggle much against their will, With the dawn of peace there was a general feeling that Wilson's fourteen points were the pillars of an assured paradise in which they were to dwell henceforth. Great militaristic empires, their near and dangerous or domineering neighbors, had broken down. Imperial families had been relieved of their thrones and the thrones had been flung to the scrap heap. The Golden Age had

BUT DISILLUSIONMENT and exasperation are felt today. The Golden Age has not come. Governments still collect taxes and do not give every applicant all the relief or all the offices he would like. Poverty has not passed away. Fear and discontent regarding the future as well as some hatreds lingering from the past still cloud the skies. Every country has its grievances. Almost every country mourns its losses. The Greeks lost their footing in Asia Minor which they had regarded as Greek since Homer and Alexander and certainly since Constantine the Great. The Hungarians maintain, in a public square in Budapest, four monuments, to the north, south, east, and west, as memorials of former Hungarian territories and Hungarian nationals lost to neighboring countries. The Hungarian flag always flies at half mast in the midst of these memorial monuments. When I came to settle my hotel bill in Budapest, which is often regarded as the most attractive city in Europe, the change was handed back on a tray bearing the inscription, "I believe in the resurrection of Hungary," words that greet the visitor at every turn. Certainly it is hard for Hungarians to see foreigners ruling over two-thirds of their former territories.

The Bulgarians also lost territories and people to their surrounding neighbors. In Danzig my Polish money was refused, although the Free State of Danzig is hardly larger than an American county, and although Danzig and Poland are to each other in natural relations something like New York City and New York State. Then the Poles take the next inlet on the Baltic west of Danzig and build a magnificent supplementary, or alternate, or rival port on Polish soil

At last all the young people of these lands are going to school. In almost every village, markedly in the refugee communities, one large new building overtops the others around, and it is the schoolhouse where all the children go to school. Some adults, particularly the older women, cannot read; but only a few illiterates are growing up with the rising generation. Indeed, the generafreedo econon during The cans s make part th the ch home, tives, philan grants prospe withou and . helpin libert

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tion that outlived the war is rapidly passing off the stage, and in this part of the world the many children and youths will soon replace their elders. Poland when emancipated from triple division and age-long bondage began with forty per cent. or more of the population actually illiterate. But Poland increased its budget for education eightfold from 1921 to 1927, and has multiplied its prewar newspapers in proportion. In Budanest 618 periodicals are published and distributed, and awakening minds find information in response to the thirst for knowledge. Bulgaria still leads the Balkans as to the proportionate number under instruction, as they tell visitors, and ninety per cent. of the children in Bulgaria of primary school age are studying. There was not a single worthwhile Rulgarian school in existence one hundred years ago. People, poor and backward, ignorant, timid and cowed, are hurrying to catch up in the race. Every Central European country has one or several effective and growing universities. Theaters and operas, moving pictures, and the radio in the restaurants and public places are educative, and so is freedom to discuss political, social, and economic questions, which was forbidden during the age of oppression.

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The regard for America and Americans shown everywhere is enough to make us all take careful notice. In good part this regard is due to the letters and the checks sent back to the old folks at home, for the education of young relatives, and for orphans or other forms of philanthropy, by the millions of emigrants who have found work, peace, and prosperity under the Stars and Stripes.

A MERICANS HAVE been doing missionary work at home, often without realizing it. Were not Wilson and America largely instrumental in helping to end the War and bring more liberty to the people? Did not Hoover and American farmers feed millions who were hungry? Do not emigrants to America emphasize and help support more general, more practical, and more democratic education? Do not influences from beyond the sea make for higher standards of living, better sanitation, more abundant sport? And are not American visitors treated with courtesy and respect accordingly? The chief concern of Warsaw police seemed to be to offer me full printed and other information about their country. The highways of Western Europe attract increasing numbers of tourists; the byways of Russia in the east attract the venturesome, the hardy, the unconventional few; but the countries and peoples recognized as Mitteleuropa receive less attention from tourists than they perhaps deserve.

But here again we are shooting past our college campus, in sight of the blue Ægean with its white sails, and meeting welcoming friends from home in our airport. Round-trip riding the skyline from the Ægean to the Baltic spans 1350 miles each way. By the way, advertisements are out announcing a new air service in prospect between Paris and Saloniki, and during the international commercial exposition held every year, in Saloniki in September, the air service is doubled.

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Travel in the

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Business and Pleasure in Colorado

grand scenery attracted men and women with long vacations to travel in the West. Today the extraordinary improvement and extension of arterial motor roads, permitting more rapid travel, have drawn into the tourist class a new genus-the American business man. Wonders of nature have not ceased to attract, but to these must be added the wonders of modern science and industry, if the vacation is to be well balanced.

Colorado has been singularly alert in attuning herself to this new note in touring which, to put it succinctly, is business interest. Half a decade ago, when one went to Colorado, he was fed an exclusive diet of snow-capped peaks, rushing trout streams, sunrises from Pike's Peak, and acres of red rocks. While enticing descriptions of these scenic glories are not neglected now, for they still constitute a distinctive charm of the milehigh state, prospective visitors today are shown another picture. That is the best explanation of the fact that there has been a steadily increasing number of tourists visiting Colorado during the three years of the depression and that the \$100,000,000 tourist industry there is third in importance among the group industries of the state.

Colorado had discovered that not only is there interest in the sugar beet fields of the South Platte and Arkansas Vallevs, but that the Sugar Bowl of the nation is filled with romance. In the Arkansas Valley region around Bent's Old Fort, once the greatest buffalo-hide trading post in America, inventive minds have produced new industries and new crop types, such as the alfalfa milling industy and the honeydew melon.

There is novelty, too, in a cloudland belt lying between the altitudes of 8000 and 9000 feet, where the latest vegetable specialties, the crisp, high-altitude head lettuce and mountain peas are produced.

Extraordinary things have come to pass in the famous old gold regions.

FEW YEARS AGO reports of Most of us remember the dazzling fame of Leadville, Cripple Creek, Aspen, and Creede, where fortunes were made overnight, and we manage to visit one or the other to witness the glory of the past, But here, also, a change has come recently. Notwithstanding the depression, Colorado increased her gold output onequarter of a million dollars last year. More intriguing still is the development in recent years of a new field of mining the rare metals of commerce used to harden and toughen armored war vessels, automobiles, airplanes, and modern industrial machinery. The Climax Molyb-denum mine near Leadville, and the United States Vanadium Mine at Rifle, Colorado, are the two largest producers of these utility metals in the world. They produce more than 85 per cent. of the total world output. While the greatest gold mines of the world rarely have had a life exceeding fifty years, the Climax mine is said to have ore bodies blocked out that can supply the world with molybdenum for 100 years.

Yes, there is much to interest the businessman tourist in Colorado, where the last American frontier is making its stand. Not less interesting is the businesslike development of scenic attractions: scenic roads, for illustration, such as the Chief Ouray Highway in western Colorado leading to the homes of prehistoric cliff-dwellers in Mesa Verde; or the new Trail Ridge Road across the Continental Divide in Rocky Mountain National Park, which meanders among the high peaks above the timberline for nine miles. Each of these roads cost The business depression \$1,000,000. seems to have speeded up the enterprise of the Centennial State. The Trail Ridge Road and the longest suspension bridge in the world thrown across the famous Royal Gorge of the Arkansas near Canon City, were started and completed during the depression.

Owing to concentration of work by the State Highway Department upon transcontinental routes within the last two or

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MECHANICAL BEET PILERS heaping 50,000 tons of sugar beets in a pile at South Platte Valley, Colorado.



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Wales boasts of the loftiest peaks in England and Wales; of beaches rivaling the Lido; streams that are the immediate envy of anglers; and fields and forests of unspoiled beauty. Charming Harlech gave its name to the battle song of Wales. St. David's Cathedral contains the remains of Edmund Tudor and the relics of St. David and St. Justinian.

Castleconnell is the favorite trysting place of Irish Izaak Waltons. There are intensely blue Lough Derg and the purple hills of Cork and Kerry. Limerick, the constantly besieged. Killarney's limpid lakes overhung by groves of green and bronze.

At the Gap of Dunloe the Serpent's Pool recalls the great St. Patrick. Youghal where Raleigh was mayor. Blarney Castle adored by swains. Kenmare, Glengariff, and Bantry, each a verdant gem of the brightest lustre.

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three years, the visitor can now drive from the eastern border of the state to the mountains upon roads that are paved or oiled. And these, connecting with similarly improved trans-continental routes to the East, make the journey to the Rockies swift and pleasant.

While other tourist regions have retrenched in development enterprises, Colorado has gone steadily forward in opening new wonders to the traveler. The state offers a new and impressive canyon twice the depth of the Royal Gorge; new peaks, bringing the total number of named peaks over 14,000 feet high to number fifty-one; new scenic roads across the Continental Divide. Only a few days ago the President signed the order which created America's latest national monument-the mysterious shifting sand dunes of the Sangre de Cristo Mountains, first officially reported more than a century ago by the intrepid army explorer, Lieutenant Zebulon Montgomery Pike.

All of which contains a very good lesson in the value of enterprise when the gods of fortune seem to frown. After all, the best defense against adversity is the attack, as we have learned in war and in sports, and the fact that Colorado last year was the only state in the Union to show an appreciable increase in income tax returns seems to prove the theory.

Business Men Go to Hawaii

FOREIGN TRADE COUNCILS of the United States and of the Pacific are holding a joint convention in Honolulu, Hawaii, on May 4, 5, and 6. This is the first time since the National Foreign Trade Council was formed in 1914 that the annual meeting has been held outside of the United States. Reasons are obvious. With steadily declining world trade the exports of the United States to all parts of the world in 1931 dropped 20 per cent, from the 1930 figure. At the same time exports to Japan, India, and China increased 6 per cent. The Pacific basin, with its population of a billion, is the greatest potential market for United States' products. And Hawaii lies at the junction of Pacific trade routes.

The National Foreign Trade Council is a non-political organization made up of representatives of leading merchants, manufacturers, bankers, railroad and shipping men of the United States, who are interested in foreign trade. Its function is to investigate and to advise on sound foreign trade policy. Among those who are attending the convention are: James A. Farrell, formerly of the United States Steel Corporation, chairman; Wallace M. Alexander, president of Alexander and Baldwin, San Francisco; Raymond B. Wilcox, Wilcox-Hayes Co., Portland, Oregon; Robert H. Patchin, W. R. Grace Co., New York, treasurer; and O. K. Davis of New York, secretary.

Representing the Pacific Foreign Trade Council are the leading business men of Japan, China, the Philippines, Australia, and Canada.

With increasing trade in the East, the council recognizes the importance of concentrating on the development of



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Continued from page 56

eastern markets. The aim of the joint meeting is to give delegates a chance to confer with business men from other countries, and to discuss plans for expanding trade between America and the Far East. Among subjects under discussion are: Pacific communication rates; tariffs and trade barriers; the boycott as an international weapon; current conditions in Australasia; foreign trade.

These questions hold particular significance in view of the conflict now in progress in China. Just how changes in the government of Manchuria, and the final settlement of the Shanghai affair will affect American trade can only be conjectured, but merchants and shippers are interested in hearing the viewpoints of Japanese and Chinese.

The choice of Hawaii for the convention is a happy one. The islands represent a laboratory showing on a small scale how Pacific countries may be developed industrially. A glance at the table of Hawaiian leading industries in 1930 gives an idea of the industrial importance of the islands.

Sugar 924,463 tons
Pineapples 12,672,296 cases
Tourists 18,651 visitors
Coffee
Fish 100,000 cases
Total value of awnorts from

Total value of exports from Hawaii \$100,856,475 Imports from the mainland. \$82,768,742

In 1895, only 147,627 tons of sugar were produced on the islands. Three years later Hawaii joined the United States.

The pineapple industry is a development of this century and illustrates what can be done by the use of scientific methods in agriculture, modern manufacturing, and exporting. In 1895, when the islands were ruled by Queen Liliuokalani, Mr. William H. Knox of New York was commissioned to secure a collection of pineapple plants which could be used for experimental growth in Hawaiian soil. Two hundred varieties were brought from all parts of the world, and the best were used in the development of a Hawaiian strain. Today as many as 50,000 acres of ground are under cultivation, and the crop is worth about \$35,000,000 yearly.

Convention delegates, many of whom sailed on the convention ship, the Malolo of the Matson Line, from California, are having a chance to visit plantations, refineries, canneries, and other industrial plants of Hawaii. They are enjoying the entertainment planned for them by the Honolulu Convention Committee; Hawaiian music, dancing, teas, motor trips, bathing, and golf. But most important to themselves and to America is their chance to form an opinion of the possibilities of expanding trade.

Captain Robert Dollar, of the Dollar Steamship Lines, believes that great opportunities await the entrepreneur in the East today. "This is the era of the Pacific," he says, "and Hawaii, at the crossroads, is the natural focussing point and clearing-house for information vital to building up Pacific trade."

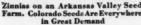
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History in the Making

Continued from page 18

pensation certificates at this time, as service organizations advocate, President Hoover announces (March 29), the \$2,000,000 burden would undermine the country's credit by putting too heavy a strain on the Treasury.

Senator Glass demands an investigation into what he terms (March 30) "organized propaganda" against his banking bill. His demands follow a week of hearings before the Senate Banking and Currency Committee, in which a steady stream of the nation's leading bankers, including members of the Federal Reserve Board, testified that the bill would bring further deflation and undermine the credit of the country.

Loans totaling \$192,346,306 have been advanced since February 2 by the Reconstruction Finance Corporation, its first quarterly report to Congress shows (April 1). Banks and trust companies were the heaviest borrowers, receiving 125 million dollars. Railroads, the second group, borrowed 56 million dollars.

ONLY in two particulars is there similarity between the tariff bill passed (April 1) by a Senate Democratic-Progressive coalition and the original bill as it was passed by the House last January. The two bills, designed to act as an amendment to the flexible provision of the 1930 tariff, concur in removing the President's power to adjust tariffs on the recommendation of the Tariff Commission, and in urging the United States to call an international economic conference to consider readjusting national trade barriers.

EIGHT YEARS after the Philippine Islands organize a government of their own, with a constitution acceptable to Washington, the United States will withdraw from the territory and recognize it as an independent state, according to the terms of the Hale bill, passed (April 4) by the House. Action on the bill causes a storm of protest in the House and press of the country. It is alleged that by passing the bill under special conditions which limit debate to 40 minutes and make it impossible to offer amendments to its provisions, the House betrays a responsibility to the Filipinos.

CRIME conditions in Hawaii are due to lax police methods, Assistant Attorney General Seth W. Richardson reports (April 4) to the Senate. He recommends that the President be empowered to appoint a territorial Attorney General in charge of law enforcement.

Presidential Year

Roosevelt victories . . . Maine's Wet Democrats . . . Surprise in Wisconsin.

GOVERNOR Franklin D. Roosevelt of New York defeats Governor William H. Murray of Oklahoma in the North Dakota presidential preference primary (March 15). President Hoover has already secured this state's 11 Republican delegates.

New York's Governor Roosevelt defeats the candidate representing Speaker Garner of Texas in the Georgia primary (March 23).

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Missouri's Democratic convention instructs (March 28) its delegates to the national convention to support former Senator James A. Reed, with Franklin D. Roosevelt indicated as second choice.

WHILE INSTRUCTING delegates to the Democratic convention to vote for Governor Roosevelt, the Maine state convention unanimously adopts a resolution calling for a national referendum on prohibition (March 30).

Voters in Wisconsin, stronghold of Progressive Republicans, bolt from the La Follette ranks and give President Hoover (April 5) a majority of the state's delegates to the Republican national convention.

Foreign Governments Have Their Troubles

In Ireland . . . India . . . Newfoundland . . . Ecuador . . . Chile.

E AMON DE VALERA, Ireland's new President, notifies England (March 22) that his country, while wishing to remain on the most amicable terms with the mother government, is about to abolish the oath of allegiance to the British Monarch. On the following day, J. H. Thomas, Minister for the Dominions, indicates England's determination to settle the matter peacefully and lawfully by saying that "an honorable agreement can be altered only by agreement on both sides."

AN AMICABLE settlement of India's communal problem becomes remote as representatives of 70 million Mohammedans withdraw (March 22) from the roundtable discussion at Lahore. The Moslems charge that their demands have been disregarded, and threaten "direct action" against the British unless the problem is settled by the end of June.

An unemployment demonstration in St. John's, Newfoundland, gets out of its leaders' control and the crowd lays siege (April 5) to the legislative building of England's oldest colony. Its Prime Minister, Sir Arthur Squires, is held prisoner in the structure, which the crowd partially demolishes, until he promises to resign. On the following day he denies any promise, instead indicating his intention to dissolve the legislature and appeal to the electorate.

FORMER President Leonidas Plaza Gutierrez' return to Ecuador (April 7) causes a navy revolt. The navy interprets his return to the country, from which he fled after a revolt in 1925, as a signal that he will support Presidentelect Bonifaz, who is opposed by Major Mendoza, political enemy of the deposed president, and by the navy.

A RUN on the Central Bank of Chile causes the resignation of the national Cabinet (April 7). Martial law is declared (April 8).



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Continued from page 59

Business

Some Americans suggest a way . . . Two significant deaths: Kreuger and East-

E TROPE must make definite progress toward a wise settlement of the reparations problem before permanent international economic stability is possible, the American delegates tell the International Chamber of Commerce, meeting (March 11) in Paris. They defend the gold standard as the basis for international trade, blaming excessive trade restrictions resulting from post-war reconstruction efforts for its present weakness. To hasten economic recovery, the Chamber as a body calls for drastic reductions in national tariffs, prompt settlement of war debts and reparations, and curtailed armament expenditures.

WORLD copper interests, after a month's parley in New York, announce (March 11) that in an attempt to diminish the 800,000 ton copper surplus, all copper mines will make their third reduction in production since November, 1930. Each mine will produce only 20 per cent. of its capacity.

BECAUSE the vast activities of his companies were international in scope and believed to be the prop of governments and far-flung industries, business and finance shudder at the news of Ivar Kreuger's suicide (March 12) in Paris. The Kreuger and Toll Company, which he developed into a gigantic financing and investing company, has large holdings in such international business as telephones, paper pulp, matches, real estate, and iron and gold mines.

WALL STREET reacts to George Eastman's suicide (March 14) by a drop in the market; but it soon is known that the Eastman Kodak Company is in no financial difficulty. George Eastman was simply tired of living. After starting his business career as a 14-year-old messenger boy, in 1880 he founded the company whose products bore his name around the world, so that when he died, at 71, the name Eastman was almost synonymous with the word picture. His factories in Rochester became the proving ground for methods of mass production, made photography a part of the daily life of all civilized people, and enabled him to devote more than 100 million dollars to widespread educational and medical philanthropy.

WITHIN a single month the Bank of England twice reduces its bank rate, the second reduction (March 18) putting the discount rate at 31/2 per cent.

Events Abroad

China and Japan . . . The German elections . . . Economic Mitteleuropa . . . Italy speaks.

APAN's diplomatic battle to maintain a free hand in settling the Manchurian difficulties herself, while admitting the



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League of Nations' jurisdiction over questions in the Shanghai area, is lost (March 11) as the League affirms that the Manchurian and Shanghai problems are to be considered one question entirely within its jurisdiction. This stand is interpreted as endorsing the American position of refusing to recognize territorial changes achieved in disregard of the Kellogg-Briand Pact. Representatives of 19 member nations are named to a commission under which peace between China and Japan is to be negotiated.

THE FUNERAL of Aristide Briand, greatest statesman of France, is attended in Paris by huge throngs—who flock to pay homage to the friend of peace (March 12). Deprived of the Presidency which he so richly deserved, Locarno (1925) and his twelve constructive premierships remain as Briand monuments. He died March 7, aged 69.

PRESIDENT Paul von Hindenburg, needing a majority and so failing reëlection by a narrow margin, wins the first round of the German presidential campaign (March 13), polling 18½ million; votes. Hitler (Fascist) gets 11½ million; Thaelman (Communist), 5 million; Duesterberg (Steel Helmet), 2½ million. In the final election (April 10) Hindenburg wins by 19 million votes to 13 million for Hitler.

Its last important act before taking a three-week Easter holiday, the Geneva Disarmament Conference adopts a resolution (March 15) establishing a committee of 21 nations to consider plans by which "moral" disarmament can be achieved. The Conference suggests that the committee deliberate the possibilities of making incitement to war a prison offense, and that it shall consider plans to eliminate from textbooks, motion pictures, and broadcasting, any propaganda inspiring hate between nations.

CONTINUED failure of all peace negotiations, notably the efforts sponsored by England and the United States (March 15), forces the League (March 17) into doing the following: 1. Affirm that the Japanese withdrawal from Shanghai must be accomplished without obtaining political or economic concessions from China. 2. Announce that its own investigating commission, headed by the Earl of Lytton, will act as an agent to secure a truce. 3. Emphasize its determination to keep the Manchurian problem within its sphere by calling on China and Japan to report what progress toward evacuation has been made following the resolutions of September 30 and December 10.

SACRIFICE on the part of all during the fiscal year just ending (March 31) enables England to show a surplus of \$1,-383,200, after expenditures, from her total income of \$2,929,659,400.

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PREMIERS Tardieu of France and MacDonald of England, in informal conversations held at London (April 4), agree
that Austria, Hungary, Czechoslovakia,
Jugoslavia, and Rumania should confer
on preferential tariffs to restore the economic unity of the defunct Austro-Hunsarian Empire. The river Danube would
be the connecting link between these
states; but Bulgaria is excluded. Austria

Continued on page 64



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History in the Making

Continued from page 61

and Czechoslovakia are industrial; the other supplementary countries are agricultural. Tariff preferences of ten to fifty per cent. are mentioned, to end Danubian anarchy.

GERMANY AND ITALY, called into conference on the Danubian question, agree in principle (April 8) to prevent a collapse of Central Europe. But they refuse to surrender their special rights under most-favored-nation treaties; Central Europe is a convenient dumping ground for German and Italian industrial products. France and England favor a Danubian conference to be held without the attendance of the four Great Powers; Germany and Italy insist that their representatives be present.

ITALY'S Fascist Grand Council makes a pronouncement (April 9) which world powers regard as that country's bid to achieve what the late Aristide Briand ineffectually advocated: a 'united front' in Europe. The Fascist announcement makes five important points it regards as necessary for a settlement of world unrest. 1. A definite ending of debts and reparations. 2. Remedying of conditions in the Danubian and Balkan States. 3. A League of Nations' revision of the peace treaties causing present political unrest. 4. Modification of oppressive customs barriers. 5. Ending too frequent international conferences.

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Volume LXXXV

Number Six

REVIEW OF REVIEWS

Edited by ALBERT SHAW

JUNE 1932

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This Depression a golden opportunity for you

hard to believe. But if you'll spend four minutes—you'll realize that it is so-you'll see it clearly. Now listen!

When the majority of men look around, all they see is the depression-men out of work-trouble-care-uncertainty.

They don't realize that many large American fortunesmany great careers found their beginnings during times of depression.

There's a reason—here it is—

-hard times make business "hard boiled." There's no room for the lazy-the drifter-the unequipped. They are the first to go. Then—next to go are those who have little to offer besides "loyalty and hard work."

Even "experience" ceases to be important. One thing and one alone counts—RESULTS.

If you can deliver results—then depression clears the way for you! Many of the obstacles-much of the competitionthat existed in normal times are no longer there. And if you can make good during these times, you will endure-you will be a leader in the next wave of prosperity.

The fact is-we know many LaSalle members who have been actually promoted—given higher pay during the last two years. They are sitting on "top of the world"—not only sure of their jobs but ready for rapid progress—out in front of the crowd when prosperity smiles again-and it will.

Here are just a few of these "cases"-in their own words.*

Others Laid Off—They Were Kept

G. H. P., Chicago, writes, "I owe you for the position I got when thousands were walking the streets idle."

W. K., Detroit, "During these bad times when most of our men were laid off, I was promoted. Now, whenever I meet one of the old gang and he asks me about my 'pull,' I simply show him my LaSalle membership card."

J. B., Chicago, "Last Christmas, my employer gave me a raise, despite the fact that so many were getting cuts.

M. O. R. F., New York, "I am one of 15 remaining out of 523 men in the department when I came. While these hundreds have been laid off, I have received a substantial increase in

C. L. M., New York, "Tomorrow, I am to become the General Manager-and am to receive a substantial advance in salary. Incidentally, I was one of the three persons in our entire organization who did not have a salary cut last year."

Naturally, to illustrate our other point—that men who train in depression have a decided advantage when prosperity returns—we must go back to the hard times of 1920-1921. We have plenty of cases there—but space permits only these three.*

These Used Depression As a Stepping Stone

For more than twenty years, our first man had been slaving away at low wages, till finally in 1921, 47 years old and still receiving only thirty dollars a week, he resolved to be a bookkeeper no longer. He started training, got a better job almost immediately-in a depression year-and within three years was Auditor with more than three times his old salary.

Another man, hard hit by the post-war depression, saw the opportunity in hard times and became a LaSalle member. With the return of prosperity, promotions rewarded his increased ability until he became Treasurer of a large and famous department store at a salary more than 300% greater.

Our third example was earning \$2,000 a year in 1921 when he decided to make depression a stepping stone. Within five years, he was head of his own business and his income has since averaged \$10,000 a year.

But why mention case after case when, after all, what is most important to you is whether you can take advantage of the depression.

It all depends on the kind of a man you are. Most men are waiting for the return of prosperity. Then, so they think, they will make up the ground they lost.

Such men will be little better off in good times. Prosperity will not wait for them to catch up. Prosperity will choose the men who have taken the depression as a stepping stone to leadership—as a time to prepare themselves for greater responsibilities.

If you are in this latter class, find out what training can do for you. We will gladly take the responsibility of showing how LaSalle training can—if you will do your part—raise your pay and push you up. We will gladly explain our many-fold service which guides your every step toward success.

To safeguard what you have—to win advancement—investigate NOW. Sooner or later prosperity will return. Will you be ready, safe and secure, for leadership-or will you be regretful of the golden opportunity you passed up in 1932?

Why pass up an opportunity for want of a minute? That's all it takes to fill out and mail the coupon. Then you will know you are not missing a chance.

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od Store Management.

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Highlights in Economics

A primer of Money, by Donald Woodward and Marc Rose. Whittlesey House, \$2.

Financial Aftermath of the War, by Sir Josiah Stamp. Scribner's, \$1.75.

Functioning of the Gold Standard, by Feliks Mylnarski. World Peace Foundation, 80 cents.

Recovery: The Second Effort, by Sir Arthur Salter. Century, \$3.

The Gold Standard and Its Future, by T. E. Gregory. Dutton, \$1.50.

A CRISIS RESULTING FROM intrigue or war is easy to understand, even by those comparatively uninformed. But most of us have failed utterly to understand a crisis in the affairs of nations which came after a decade of peace, which set in gradually and grew steadily worse in spite of treatment, which is quite as destructive as war itself of what had come to be regarded as property.

Thus we welcome a number of new books by writers who sit in seats which give rare opportunity for observation, who are themselves free from responsibility for damage done, and who prove to be endowed with the gifts of reasoning and intelligent interpretation.

"Recovery: The Second Effort," by Sir Arthur Salter, is a joy to read. It is skilfully constructed, so that throughout the book one has a feeling that he is reading about events of the past twelve months rather than of far-away '29 and '30, or of ancient post-war years. Yet the background of reparations, war debts, overproduction, tariffs, and unwise international loans is all there. The author has been Director of the Economic and Finance Section of the League. Disaster will continue, he holds, until debtor nations increase their exports and creditor nations import more.

"The Financial Aftermath of War," by Sir Josiah Stamp, is a series of five lectures which the distinguished British economist and railroad president delivered before a university audience in Wales: taxation, inflation, deflation, reparations, and debts. The author has perfected a method of stating profound and complex economic truths in every-day language. His book tells about a heap and some tickets. The heap represents the products of man aided by nature and machine. Each ticket represents a share in the heap, based upon one's direct and

indirect contribution to the heap. The author carries the reader through war, when the pile grew smaller because man's effort was in part destructive; through war taxation, when the government's share of tickets multiplied; through the subsequent era of overproduction, which caused the heap to grow larger. Indeed, there seems to be no phase of recent world economics which Sir Josiah cannot elucidate through his heap and his tickets. The reader sits at the feet of a master teacher, wondering how it all can be so simple.

"The Gold Standard and Its Future," by T. E. Gregory, has particular relation to the gold standard for Great Britain. (All three volumes so far mentioned here are by Englishmen.) The author is professor of banking and currency in the University of London. Early chapters tell of the working of the gold standard. Then follows an interpretation of the causes and the consequences of the breakdown in Great Britain. The final chapter is a careful exposition of alternatives facing Britain, with the author approving of an early return to the gold standard at an exchange rate of \$3.50 to \$4 for the pound

"The Functioning of the Gold Standard," by Feliks Mylnarski, is a publication of the League of Nations. The author is a former Vice-Governor of the Bank of Poland and a member of the Gold Delegation of the Financial Committee of the League of Nations. Scholarship is apparent throughout, since the book was written for experts; yet the author finds a thousand opportunities to talk the language of the average man.

(instead of \$4.86).

"A Primer of Money," by Donald B. Woodward and Marc A. Rose is an invaluable exposition for the layman of such things as interest, bank credit, central banks, exchange, the price level, money markets, and booms and depressions. The authors are, respectively, financial editor and editor of The Business Week.

Two New Yorkers

Samuel Seabury, by Walter Chambers. Century, 381 pp. \$3.50.

This Democratic Roosevelt, by Leland M. Ross and Allen W. Grobin. Dutton, 305 pp. \$2.50.

New York City and state, and increasingly in the country at large, have curiously interwoven the lives of Governor Roosevelt and Judge Seabury. The part both men are playing in the

destinies of New York are so opposite, and yet so complementary, that in the activities of the two we may read a fairly vivid history of contemporary politics. For those who seek an understanding of the real meaning of the battle for political reform in present-day America, the simultaneous appearance of these two biographies is therefore important.

Messrs. Ross and Grobin portray Roosevelt's life as a series of hard-won political fights, waged always against special privilege, in behalf of enlightened, even if sometimes exaggeratedly "popular", policies. Seabury's battle field has been the judiciary, shifting to politics when exigencies demanded. From widely diverse destinies the two have met on the common ground of defense of public honesty, as manifested in the fight against Tammany. Mr. Chambers makes the importance of this conjunction clearer than do the Roosevelt biographers. He gives a stirring picture of the fight for civic self-respect in New York City, and shows how at crucial points Judge Seabury was forced continuously to appeal to the political power of the people, to sustain the legal weapons he wielded. In the end, his biographer shows, Judge Seabury always got the support he needed from Roosevelt.

GOVERNOR ROOSEVELT'S biographers incline to emphasize in importance the phases of state and national politics in which Mr. Roosevelt appears as a prime mover, and practically to ignore the fundamentally momentous Seabury investigation, beyond pointing out that it was Roosevelt's influence that placed Judge Seabury in charge. In building his story frankly around the Seabury investigation, even treating many equally impressive phases of Judge Seabury's many-sided public life as preliminaries to it, Mr. Chambers possibly shows sounder historical judgment. Time may reveal the teamwork of Seabury and Roosevelt in fighting the forces of disintegration in America as one of the significant episodes of our day. Apparently Mr. Chambers recognizes this, for he builds up a carefully arranged historical background, whose events culminate in the issues of political morality now being fought out.

Thus the difference between the two biographies is that the Roosevelt story is a readable, eulogistic account of the man himself, with events considered only in so far as he took part in them; the Seabury narrative is more a study, often dramatically vivid, of contemporary forces being influenced by the personality of an extraordinary man.

Continued on page 6

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The World of Books

Continued from page 4

Blood and Carnival

1919, by John Dos Passos. Harcourt Brace, 473 pp. \$2.50.

Dos Passos' "1919" is the mad epic of a mad era. Starkly, brutally realistic, it is perhaps the most extraordinary problem novel ever scanned by this reviewer. It smacks of revolt—reminiscent of the pace-setting "This Side of Paradise" and "Farewell to Arms" which portrayed in turn a doomed generation, and the war which doomed it.

The year 1919 was, of course, a hectic time in which the forces of blind intolerance had turned from spy-hunting and pacifist-persecution to the newer frenzy of red-baiting. Having licked the Kaiser, to the political Right of us, we were after Lenin, to the political Left. This picture Dos Passos paints through several varied sets of characters. Interspersed are contemporaneous newspaper headlines and biographical sketches which make history of a rather horrible sort. 1919 saw unspeakable corruptionmoral, financial, political-from San Antonio to Warsaw; from Florence to Harbin. If war breeds nobility of character, the reader will fail to find it in Dos Passos' challenging pages.

Briefer Comment

- The so-called German Revolution was not a revolution, but rather a gradual process through orderly cabinet changes and constitutional amendments. The true revolution in Germany consisted of Communist risings which signally failed. Such is the interesting thesis of Dr. Arthur Rosenberg, German constitutional expert, in his authoritative "Birth of the German Republic" which portrays the last years of the Bismarckian Empire. (Oxford Press, \$4.75.)
- J. Bennett Nolan, a leading writer on Pennsylvania history, has performed an important service by his "Smith Family of Pennsylvania." The story of this line is interlinked with interesting phases of our national development; and Mr. Nolan—a tireless research worker—has unearthed fascinating data which should prove a joy to collectors of Americana. (Eagle Press, Reading, Pa.)
- "EARLY AMERICAN PAINTINGS" (Century, \$2), by Frederick Sherman, is an account of the development of American art from early Colonial days to 1850. Brief biographical sketches of each artist and reproductions of 63 paintings illustrate the phases through which American art of that period passed.
- FROM AMERICAN GOVERNMENT through Economics to the Humanities, to list three of the seven main divisions of this tome, "The American Year Book for 1931" is a record of progress made last year in America. Albert Bushnell Hart and William M. Schuyler, aided by some two hundred contributing experts, have made this an authoritative record of facts, occurrences, discoveries, and the

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advances made in physical, intellectual, and scientific organization. (American Year Book Corporation, \$7.50).

- "EDMUND RUFFIN, SOUTHERNER" is more than the biography of a comparatively unknown man: it is a history of the South as it existed before the Civil War. In Ruffin, Avery Craven has found qualities which made that first great southern agriculturalist a perfect example of the "fire-eaters." Their story is at once that of the rise and the fall of the Old South. (Appleton, \$3.)
- WITHIN THE COVERS of "Short Selling," Richard Whitney, President of the New York Stock Exchange, speaks for the method of trading which gives the book its name, and William R. Perkins, New York attorney whose agitation led to the Senate's investigation of short selling, replies to Mr. Whitney's arguments. (Appleton, \$1.25.)
- To insure social progress, America must choose between evolution or revolution. Revolution is waste. Evolution calls for national planning. "Business Looks at the Unforeseen" (Whittlesey House, \$2.50) is Wallace Brett Donham's discussion of the necessity and methods of national planning.
- J. C. ROBERTS has used hundreds of examples from biography and history to prove that a man can guide his own destiny; that success can be achieved by any one who has the will to steer his own course. "Personal Achievement," then, is a chart of the road which leads to success. (John R. Coffee, \$3.)
- South America and the United States, believes Henry Kittredge Norton, are about to enter a new era of close economic development. His evaluation of the relations about to be established is penetrating, and makes "The Coming of South America" (John Day, \$3.50) one of the most important of recent books.
- UNDER THE EDITORSHIP of Walter E. Spahr, Chairman of New York University's Department of Economics, sixteen specialists have written "The Economic Foundation of Business." It is a careful study of economic laws as they apply to our present-day business. Smith, 2 vols., \$8.) (Long &
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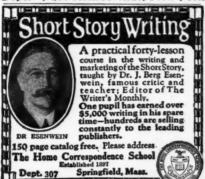
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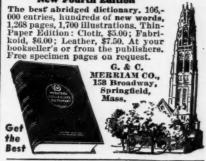
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